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**ESTABLISHED 1887** 

### Bosnia's Fate **Drives Home** A Failure of World Order

By Barbara Crossette

New York Times Service
WASHINGTON — With the outside world in effect relegated to the role of by-stander to the violent dismemberment of Bos-nia-Herzegovina, painful questions are being asked about how the combined efforts of Western Europe, the United States, and the United Nations failed a crucial test of post-Cold-War security.
Could the carnage in Yugoslavia have been

#### **NEWS ANALYSIS**

prevented? Can it be stopped? Will it happen

In Congress, among analysts, and policy-makers an assortment of explanations are offered for the failure of the West to stop the

Reactions to the Yugoslav crisis were de-layed and opportunities missed. Preoccuried with the collapse of the Soviet Union, the United States and its European allies clung too long to the lost bope of Yugoslav unity, giving the Serbian nationalist leadership in Belgrade time to test the limits of the new order.

A sense of helplessness is pervasive. Even those who are most critical of the Bush administration's handling of the crisis say it is difficult to recommend any new course of



PEACEKEEPER UNDER FIRE — A member of the Swedish contingent in the UN peacekeeping forces taking cover Friday between two of the token force's vehicles after coming under fire near the UN mission at Sarajevo, the Bosnian capital. Page 5.

action that would have a mitigating effect in

Bosnia-Herzegovina.
The United Nations is overstretched. The European security organizations have no mechanism for this kind of crisis. Embargo lines would be impossible to draw around Serbian irregulars in pockets of several republics, or other ethnic groups that may be as much to blame for violence as the Serbian Communist government in Belgrade. Analysts are wondering what part of Eurasia will erupt next. They believe that Rus-

sia's unwillingness to agree to the suspension of Belgrade from the Conference on Security and Cooperation in Europe grows from fear of facing separatist movements within the

See CRISIS, Page 5

# EC Is Nearing a 'Moral Catastrophe,' Thatcher Says

By Glenn Frankel

Washington Post Service
LONDON — Former Prime Minister Margaret Thatcher launched a ferocious rhetorical assault on the European Community on Friday, saying that Europe was on the road to "insecurity, unemployment, national resentment and ethnic conflict" unless it drastically altered plans for a more centralized, economic and

Mrs. Thatcher's strident attack comes at a time when several European states are rethinking their support for a federal Europe. The Maastricht treaty calling for closer union faces a tough referendum challenge in Denmark on

2d Trial Is Set

For Policeman

In Los Angeles

The Associated Press

LOS ANGELES - A white Los Angeles

police officer was ordered Friday to stand trial for a second time in the severe beating of Rodney King, a black man clubbed by police-

men after a high-speed chase for a traffic viola-

said there was sufficient evidence to retry Laur-ence Powell on a charge of assault. A new trial

A jury deliberating the case in the Los Angeles suburb of Simi Valley last month dead-

locked on that charge, voting, 8 to 4, in favor of sequittal. Mr. Powell, Stacey Koon, Timothy

Wind, and Theodore Briseno were acquitted of

all other charges.

The remaining charge against Mr. Powell

carries a maximum penalty of six years.

The acquittals April 29 touched off several

days of rioting in Los Angeles, which resulted in 51 deaths and hundreds of millions of dollars

in damage. Lesser disturbances occurred in

Mr. King was beaten after be was pulled over

from a high-speed car chase March 3 last year. A man who lived nearby captured much of the

beating on videotape, tape that was eventually broadcast around the world.

In his ruling granting Deputy District Attor-ney Alan Yochelson's request for a retrial, Judge Weisberg said: "I find that the interests

of justice require that there be a second trial in

The judge scheduled a bearing a week from

Minor disturbances have continued this

week, including an incident Thursday in South

In another development, Reginald Denny,

the white truck driver whose videotaped beating by angry blacks came to symbolize police

paralysis at the start of the nots, was released

Three of the suspects in his beating have been

charged with attempted premeditated murder,

torture, aggravated maybem and robbery. The

fourth was charged with robbing Mr. Denny.

The authorities said all four were affiliated with the 8-Trey Gangster Crips street gang.

the case of people versus Powell."

from a hospital in good condition.

Friday on a change of venue.

Central Los Angeles.

could be held in Los Angeles, be said.

Judge Stanley Weisberg of Superior Court

June 2, while there are increasing voices in Germany and France that fear the loss of national sovereignty and financial control to a

powerful bureaucracy in Brussels. Although she has always been a strident critic of a federalist Europe, Mrs. Thatcher's

Britain counterattacks with defense plan involving the Western European Union, Page 5.

language was more unvarnished in her speech on Friday than during her 11 years as prime

She told a gathering of businessmen and diplomats in The Hague that federalists would

create "a moral catastrophe" and "a Europe which combines almost all the most striking failures of our age,

Mrs. Thatcher also focused on Germany, saying it was simply too powerful to be fettered inside a European federation and would "inev-

A better means of balancing German power would be a "loose-knit, decembralized, free mar-ket Enrope of sovereign states," she said.

The plans to create a superstate of the 12 European Community members had been devised before the fall of the Berlin Wall, the reunification of Germany and the collapse of the Soviet empire, Mrs. Thatcher noted, Now

become obstacles to the establishment of an equitable, post-Cold War world.

"The half Europe imposed by Soviet tyranny was one thing," she said. The half Europe imposed by Brussels would be a moral catastrohe, depriving the Community of its European

She pointed to the Community's Common Agricultural Policy as one example of an EC institution that had run its course and was now destructive. The policy in its early days had helped European farmers get on their feet eco-

See THATCHER, Page 5

#### Kiosk

#### Italy's Parliament Fails 4th Time on President

ROME (AP) - Parliament on Friday failed again to elect an Italian president despite a drop in the number of required votes, but chances for success the next time improved when Christian Democrats came on with a candidate.

While the fourth unsuccessful vote this week for bead of state was being conducted in Parliament, leaders of Italy's dominant party decided to back their leader, Arnaldo For-

lani, in balloting Saturday. After three attempts to reach a two-thirds majority earlier this week, the requirement dropped Friday to a simple majority. But with no agreement by the major parties on a common candidate, the change made no dif-

Since it is the head of state who, in turn, picks the prime minister-designate, efforts to form a government have been stalled in the three weeks after Prime Minister Giulio Andreotti resigned following the setback dealt his four-party coalition in April 5 elections

#### General News

Boris Yeltsin angrily denied charges by his opponents in the Russian parliament that he was drunk in public. Page 2.

The Pope will beatify the controversial founder of the Opus Dei association. Page 3. General Fidel V. Ramos pulled ahead in the Philippine presidential election. Page 5.

The astronauts are heroes again after their rescue of a satellite in space. Page 3.

#### Business/Finance Dow Close S.A. Brewings made a \$4.5 billion bid to merge with Foster's. Page 13. 3 353 09 Down

Thomson-CSF tried to reassure the United States about its proposed acquisition of LTV. Page 11.

Page 7. Yen :29.85 Crossword Weather

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SOUTH AFRICAN TALKS FLOUNDER - A Zulu protesting Friday in Johannesburg because the Zulu king does not have his own delegation at talks on a constitution. The talks deadlocked amid recrimination by the government and the ANC. Page 2.

# Overhead Slam: Tennis Turbulence Deafens the Jet Set

By Josh Barbanel

KINGS POINT, New York - It began two years ago, when David N. Dinkins, the mayor of New York and a tennis buff, pressed the Federal Aviation Administration to steer aircraft away from the U.S. Open tennis tournament in Flushing Meadows so that players could concentrate and fans could hear the whack of gut hitting ball.

It has led to daylong sorties of thundering aircraft over the houses of Robert and Sandy Weintraub and thousands of others in this enclave of wealth and privilege beyond the

The iets rattle houses, spread fumes along

tended lawns and wild woods and have provoked a war of words between city and suburban officials.

"We are at war again," Mrs. Weintranb will say to her busband, a psychologist, as the roar begins, sometimes at first light, seemingly as loud as if a 747 were landing on the roof.

The diversion of flights from LaGuardia Airport for the Open provoked few com-plaints when Mr. Dinkins first proposed it, and last year it was tried again. Then, without notice to local officials, the aviation agency, acting at the request of the Queens borough president, tried it again last year, sending many of 500 or so daily flights on a little used route directly over the Great Neck Peninspia.

Weintraub house.
The agency said it did not notify officials and area residents because the diversion was only a temporary test "to improve the noise situation near the airport." Any permanent change, the agency said, would be made only after formal environmental studies and pub-

But local officials said the test - which has brought jets so low that the air reeks of jet funces - was intended to measure the patience and political resources of people who moved here to escape the noise and distractions of the city.

Marilyn Salzman, a lawyer in Great Neck,

which juts into Long Island Sound, and the said that when the noise first started, she rushed to a hathroom to see where the plane had landed, as her entire house shook.

On some nights, she said, it was so bad that disrupted her bridge game. "You couldn't hear yourself bid." she said.

First, the mayors of the nine villages in Great Neck dashed off a protest to the sviation agency, and further protests were lodged as spriog brought more complaints. This week, the Nassau County Executive, Thomas S. Gulotta, called on the agency to end the experiment immediately. "I cannot see the rationale in redirecting

See VOLLEY, Page 3

# Worry, but No Panic, On Bankruptcy Filing

# Olympia & York Seeks Debt Shield

By Lawrence Malkin

NEW YORK - The world financial system on Friday absorbed the initial shock of the bankruptcy filings by Olympia & York, the world's largest real estate company, which has been battling with its banks to stretch out \$12

billion in debt.

"The disaster in commercial property is already so widespread that this doesn't hart much any more," said Anthony Downs, a senior fellow at the Brookings Institution in Washington and a real estate consultant to Salomon Broth-

Bankers now have little choice but to wait out the property slump with their borrowers, he said, "because the number of distressed parcels is so big, the number of potential buyers is so

**Related Articles** With the Reichmann troubles, fear rippled through Canada's economy. Page 11. A web of assets and debt compl ted the math of the spectacular downfall. Page 11. Olympia's chief Hong Kong creditor might emerge unscathed. Page 13. emerge unscathed

small, and they would have to borrow money From whom would they borrow it?" he

Bank stocks took a hit, especially in Tokyo where the Nikkei index was off 3.9 percent, but otherwise markets stabilized. Financial analysts said the banks themselves were ready for the challenge and had already set aside funds to cover their exposure to O&Y while they contin-

ned negotiations. Canadian stocks, bonds and the currency acmaily rallied as the air cleared.

The market realizes that the world is not going to come to an end and that life goes on," said Reid Farrill, foreign exchange adviser to Canadian Imperial Bank of Commerce, one of Ody's major lenders.

Olympia & York, a private Toronto develop-er with worldwide investments that have changed the skyline in London and New York, filed for bankruptcy protection in Toronto late Thursday night. The action, on behalf of O&Y itself and 28 of its Canadian companies, allowed it to suspend interest payments and con-tinue to manage half-vacani buildings; such as its flagship First Canadian Place in Toronto, without putting them at risk of being carved up

Olympia & York, along with four of its Canadian companies, filed for Chapter 11 bankruptcy protection in the United States on Friday. The move did not include its profitable Manhattan real estate, such as the World Financial Center. It was able to do this because a complex corporate structure legally separates all properties from each other, thus preventing banks from seizing bealthy properties to satisfy their claims on the sick ones.

The company did not seek bankruptcy protection for Canary Wharf, the unfinished multibillion-dollar development in London's Dock-lands. That development has been the financial black hole for the visionary but secretive Reich-mann brothers, who built up the real estate giant from a small Canadian tile manufacturer

Real estate developers and specialists in the United States foresaw little effect on the already depressed property market here or abroad. The market, they said, has been braced for such things by the collapse of some of the major, speculative developers of the 1980s,

starting with Donald Trump.

Industry experts recognized a familiar pattern in bankruptcy negotiations that put both lenders and borrowers in the same boat. Abraham Wallach of First Capital Man ment in New York explained: "What the Reichmanns are doing is establishing battle

See O&Y, Page 13

# In Britain, A Struggle To Stay Afloat

By Erik Ipsen

LONDON — Olympia & York executives struggled successfully Friday to keep the world's largest property developer out of bankruptcy in Britain as the Conservative government campaigned to prevent further embarrassment over the compa-ny's disastrous Canary Wharf develop-

O&Y's bank creditors here decided not to force the Canadian property company to accept court administration, at least immediately, as the price for its survival, a bank official said.

"There is no pressure for bankruptcy protection at Canary Wharf at this stage."

a spokeswoman for a working party repre-senting the 11 British bank lenders said. The Canadian company has poured bil-lions of dollars toto turning 71 acres (29 hectares) of desolate East London docklands into Canary Wharf, the largest com-mercial office development in Europe.

"I am cautiously optimistic that we will reach an agreement with the lenders to Canary Wharf to continue operating out-side administration," said O&Y's chief ne-gotiator, Steve Miller.

He also stressed that the company would avoid any "fire sale" of assets. Many analysts reckon that the British government now holds the key.

"It is up to the government whether this project succeeds or fails," said Graham Jinks, an analyst with Barclays de Zoete Canary Wharf's British bankers said they were not seeking bankruptcy, in part because the unforgiving British system

turns bankrupt property over to court administrators whose mandate usually is to sell it off at a discount to pay off creditors and not try to nurse it back to health, which is the aim of the very different system in North America. Even if it does avoid administration,

however, property experts say that victory will hardly be a ringing endorsement of the Canary Witarf development's future, or of Odry's judgment in building it in the first place.

"Fifty percent of the publicly listed property companies in London are technically insolvent right now," said an analyst in London, where property values have halved since 1988 in the deepest property

recession since the 1930s. Analysts say that throwing O&Y or any of the others into administration now receivers' fees while not necessarily improving their chances of collecting on their

debts at the end of the day. Why put the property into the hands of an administrator who doesn't know the business if you can possibly avoid it." a banking analyst said.

While representatives of the banking syndicate that has leat \$1 billion to finance Canary Wharf's construction met with O&Y representatives in London on Friday, Prime Minister John Major's office released a statement saying that it was being kept in close touch with develop-

Mcanwhile, Odry officials stressed the voluntary nature of their decision to seek court protection in Canada and the United

An O&Y executive said that the step had been taken because creditors were See LONDON, Page 13

# Japan, Relenting, Will Aid East European Businesses

By David E. Sanger New York Times Service

New York Times Service

TOK YO — Japanese leaders on Friday told Vice President Dan Quayle that, after months of coaxing by the Bush administration, they would lend and invest up to \$400 million in fledgling private enterprises throughout Eastern and Central Europe. But Tokyo still refuses to send substantial aid to the former Soviet republics until four islands in the Kuril chain. republics until four islands in the Kuril chain are returned to Japanese hands.

The announcement came at the end of a fourday visit by Mr. Quayle, a trip intended to repair the damage from George Bush's ill-fated trade mission to Tokyo in January and refocus attention on a cooperative effort by the two

While both sides declared it a success, they also conceded that the most vexing economic issues facing the two countries were deliberate-

by kept off the agenda.

With its announcement of up to \$300 million in loans to Czechoslovakia, Hungary, Bulgaria and Romania, and \$100 million more for equity investments in new businesses there, Japan fell just shy of matching the \$425 million the United States has committed to the region.

But only half of those funds have been approved by Congress, and only about \$135 milion has been spent.

Mr. Quayle hailed the Japanese plan as a turning point in efforts by Washington and Tokyo to coordinate said in execution.

Tokyo to coordinate aid in areas outside of Asia. "Eastern and Central European is about the furthest place from Japan as you can get," he said at a breakfast meeting Friday with U.S. correspondents. "They have no cultural, they have no historic ties." Yet Japan, he said, has come to recognize that "Eastern and Central Europe is much of the catalyst" for democratic change around the world.

Japan's contribution seems bound to fuel growing unease here that talk of a "global-partnership" with the United States really means that Japan finances international initiatives for which Washington has run out of-

Mr. Quayle faced many questions along those lines during his stay.

And he repeatedly denied that the administration's vision for the post-Cold War alliance

between the two nation was to use Japan as a

silent dispenser of cash. "If the conventional wisdom in Japan is that global partnership mean Japanese dollars and U.S. leadership, it is wrong, be said. "Prime Minister Miyazawa doesn't believe that, I don't believe it and President Bush doesn't agree with

Nonetheless, Japanese officials said Friday that until several months ago they had little intention of providing such large-scale European funding. But the United States began pressing for a major contribution, and negotiations grew particularly intense with the approach of Mr. Quayle's visit, his fourth since becoming vice president. "Everyone wanted a big score," a member of the Quayle entourage said.

Japan continued to hold out on the question. of aid to Russia and other former Soviet republies despite growing criticism from France and Germany that Japanese intransigence could doom efforts to convert the republics to viable market economies. In a critical speech at the United Nations earlier this month, Chancellor, Helmut Kohl of Germany said that Japan must "assume a larger share of the West's common responsibility" to assure that the reforms take

Mr. Kohi's comments irritated the Japanese. who are trying to get all of the Group of Saven See AID, Page 5

# **Opposition Seizes** Azerbaijani Capital

#### Newly Restored Hard-Line President Driven Into Hiding by Popular Front

By Michael Dobbs

Washington Post Service MOSCOW - Nationalist opposition forces in Azerbaijan seized control Friday of most strategic points in the capital, Baku, in an ment. inspirection against the Communist-dominated regime of President Azerbaijan," said Itibar Mamedov, Ayaz N. Mutalibov.

The seizure of government buildings by forces loyal to the Popular Front came less than 24 hours after parliament voted to restore Mr. Mutalibov to power. A former partv boss. Mr. Mutalibov resigned as president in March after Azerbaijan suffered a serious military defeat at the hands of neighboring Armenia, its hereditary enemy.

The Popular Front now controls almost everything in the republic," an opposition leader. Isa Gambarov, said on television shortly after Baku was taken over

Russian press agencies later reported that the opposition controlled most key buildings in Baku, including the presidential palace and the parliament building. The whereabouts of Mr. Mutalibov, 53, who won what the opposition said were rigged elections last September, were not immediately clear.

The president had earlier tried to crack down on the Front by declaring a state of emergency in the republic, imposing a curfew and banning all political acovity.

The armed insurrection against Mr. Mutalibov follows a pattern already established in neighboring Caucasian republic of Georgia and the Central Asian republic of Tajikistan. It demonstrates the acute vulnerability of authoritarian leaders in the former Soviet Union to popular rebellions following the collapse of centralized rule and the refusal of the armed forces to take

part in quelling unrest.
Mr. Mutalibov suffered a devas-tating political blow last February when Armenian forces captured the Azerbaijani-inhabited town of Khojaly in the disputed enclave of Nagorno-Karabakh, Accused of failing to prosecute the war vigorously enough, be was forced to step down. New presidential elections were scheduled for June 7.

After the loss of Khojaly, it seemed that Mr. Mutalibov's career was over. His return to power followed an even greater reverse the fall of Shusha, the last Azerbaijani stronghold in Nagorno-Karabakh, which bas been administered from Baku since 1923 even though most of its inhabitants are Christian Armenians.

Poliocal analysts said that Mr. Mutalibov appeared to have misjudged the balance of forces in Azerbaijan and the willingness of the republic's newly formed army to support him in his struggle with the Front. Many military units, including troops involved in the fighting in Nagorno-Karabakh, are reported to bave sided with the

After the Communist-dominated parliament voted to restore Mr. Mutalibov to power, opposition leaders denounced what they called

#### Greece Bars 'Cross' Soles

ATHENS — Greek Orthodox priests won a court order Friday banning the sale of American and Greek-made shoes that leave imprints resembling crucifixes.

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a coup d'etat and called for popular resistance. Hundreds of armed men surrounded the Front headquarters in Baku overnight to prevent it from being taken over the govern-

"There has been a revolution in an opposition candidate in the June 7 election. "Mr. Mutalibov has illegally regained power with the help of Moscow and the KGB. This means the loss of Azerbaijan's independence.

By Friday morning, the crowd camped outside opposition headquarters had swollen to around 20,000. Led by four armored personnel carriers and activists armed with automatic rifles and grenade launchers, the crowd marched through sweltering heat to the parbament

Witnesses said that troops loval to Mr. Mutalibov opened fire on the crowd from the Hotel Moscow, across the street from the 14-story glass-and-concrete parliament. But the parliament building itself was largely undefended and was cap-tured following a deafening 45minute battle.

The crowd then moved on to the television center and presidential palace, the former Communist Party building, where Mr. Mutalibov was believed to be holed up. Government troops vacated the palace without a fight after receiving an ultimatum from opposition leaders, but there was no sign of Mr.



An emphatic Boris Yeltsin during a news conference Friday in Tashkent, Ukraine, at which he denied accusations of heavy drinking.

### Yeltsin Denies Accusations of Heavy Drinking

MOSCOW - President Boris N. Yeltsin

of Russia on Friday denounced accusations by two of his bitterest opponents in parliament that be had appeared drunk in public. Vladimir Isakov, a former Communist hard-liner, and Mikhail Astaliev, a nationalist, said in parliament that Mr. Yeltsin had

appeared drunk on television Thursday night when he was shown arriving in Tashkent, the Uzbekistan capital, for a Commonwealth of Independent States meeting. Such an assessment was not shared by other viewers. Mr. Yeltsin appeared tired and

in a good mood, but not drunk.

airport — both having seen him up close many times — the president appeared a bit fatigned, but no more than usual, and did not appear to be drunk. Neither saw him stum-ble.

Mr. Yeltsin's drinking habits have been the target of whisper campaigns and, when he visited the United States before he became president, questionable allegations in the press. But the issue had not previously been raised in such an official forum. Deputies must discuss the important issue

of the president's drunkenness!" Mr. Isakov shouted before his microphone was shut off. Mr. Yeltsin said the deputies were opposed [To an Associated Press reporter and a to his policies of reform and were trying to photographer who watched Mr. Yeltsin at the undermine his authority.

"The opponents of radical reform do evreything to discredit the president, the cabi-net and their policy," Mr. Yeitsin said Fri-day. "I am ashamed of people who raise political issues on such a level. But once the question has been raised like this, we need to accept the challenge and beat it."

Seven parliamentary factions demanded that the ethics committee investigate the two deputies for making slanderous remarks, and Russian journalists were asked not to overplay the incident.

A conservative deputy, Viktor Sheinis, said: "Gentlemen from the press, you do not need to play up the issue. It is not in the national interests of anybody in Russia."

# 6 of Commonwealth Republics Sign Security Pact

By Fred Hiatt

MOSCOW - Russia and five other republics of the former Soviet Union signed a collective security agreement on Friday, while Ukraine and four other of the Commonwealth of Independent States declined

President Boris N. Yeltsin of Russia and other leaders, speaking after a summit meeting in Tashkent, Uzbekistan, hailed the pact as evidence that the post-Soviet Commonwealth is alive and well. They said the treaty called on signers to defend one another against outside aggression and to refrain from attacking each other.

The leaders clearly boped that the pact would restore order and reassure a military greatly unsettled by the division of the Soviet Army into national armies. But the pact's significance remained in doubt on Friday, given how many treaties have been signed and ignored since the collapse of the Soviet Union in December and given how many

countries declined to sign.

Although Armenia signed the pact on Friday, for example, it seemed unlikely that Russia or the other, predominantly Muslim, signers would go to Christian Armenia's defense in its fight against Muslim Azerbaijan.

The six-member pact also provided clear that the

pendent States will not bind all 11 of its of urgent importance to the United States as members equally. Rather, the components of the former Soviet Union are likely to part or unite in shifting alliances according to their own interests on economic, military and political questions, experts here said.

But the pact, coming soon after Mr. Yelt-sin ordered the creation of a Russian Army and claimed control of most former Soviet forces, may ease the political pressure to withdraw those troops from other republics.

Those signing the collective security pact,

in addition to Russia and Armenia, were Kazakhstan, Turkmenistan, Uzbekistan and Tadjikistan. In addition to Ukraine, the Commonwealth's second-most militarily powerful republic, those not signing were Belarus, Azerbaijan, Kyrgyzstan and Mol-

constitution so that it could join later.

It has become amply clear that the associa-tion that replaced the Soviet Union is indeed far from a cohesive state, although most analysts say they believe that the Commonwealth has played a role in preventing disintegration from sliding into chaos. Beneath the often-arcane wrangling

well as this part of the world, including control over 27,000 nuclear weapons and territorial and ethnic conflicts that could unleash wars or create millions of refugees.

Also at stake is the future geopolitical shape of the world. Will Moscow remain at the heart of a great power of some kind, or will its neighbors increasingly look elsewhere for their economic and political alliances?

Many analysts in Moscow and abroad now describe the Commonwealth as little

more than a divorce court, a forum to ease the breakup of the Soviet and Russian empires. These analysts expect Ukraine, the second-most populous republic after Russia, to leave the Commonwealth soon, in effect dooming the alliance as it now exists. We issue declarations, but no one cares to

The Belarussian leader, Stanislav Shush-kevich, said signing the pact would violate his republic's consider amending the government would consider amending the pact would consider amending the papers and depart. The CIS is not effective." Denis V. Dragounski, a Russian scholar and commentator, said: "If one asks whether the CIS will be preserved within the borders of the former Soviet Union, the answer is of course not. There is an unstoppable tendency to disintegrate. The CIS is only a step on the path of transformation."

But Mr. Dragounski and many other ana-

do so for some time. Russia's first deputy foreign minister, Fyodor Shelov-Kovedyaev, said he expected the Commonwealth to survive and grow stronger even if Ukraine exits. "We view the future of the Common-

played a useful function and may continue to

wealth with optimism," Mr. Shelov-Kove-dyaev said. "From the beginning, we conceived of it as an asymmetrical structure, with some countries more interested in cooperation than others." Those who view the Commonwealth as an

outright failure tend to be those who, like Mikhail S. Gorbachev, believe that it should assume many of the roles of the country that disappeared. The Commonwealth has failed to preserve

a "single economic space," to discourage its members from forming their own armies and to forestall the emergence of other policies viewed by the new nations as essential badges of sovereignty, such as separate currencies and visa regulations. .

· But the Commonwealth has worked on a more prosaic level, keeping the vast rail, energy and aviation networks of the former Soviet Union together.

There are institutions in the Commonwealth framework that no one thinks about, precisely because they operate effectively,"

# Democracy Talks in South Africa Hit a Roadblock

By Christopher S. Wren New York Times Service

JOHANNESBURG - A new round of multiracial negotiations on South Africa's future convened on Friday and promptly bogged down in deadlock and recriminations that presaged a rocky road in the nation's transition to postapartheid democracy.

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Friedenskirche, Riemannstr. 15, Celle, SS 1245, Worship 14:00. 30 min. Drive, 20 min. By train from Hormover. Wolking dis-tance from Celle train station. Contact Andy

DARMSTADT

DÜSSELDORF

INTERNATIONAL BAPTIST CHURCH. English, s.s. 10:00, worship 11:05. Children's church and nursery. Meets of the International School, Leuchtenburger Kirchweg 2, D-Koiserswerth, Friendly followship. All de-

nominations welcome. Dr. W.J. Delay, Pas-tor, Tel.: 0211/400 157.

FRANKRIKT

INTERNATIONAL CHRISTIAN FELLOWSHIP Formpelisch-freikirchliche Gemeinde, Bodenerstr. 11-18, 6380 Bed Homburg, phones 06134-23278 or 06196-643390 serving the Frenkfurt and Taunus areas, Germany. Sunday worship 09-45, nursery + Sunday school 10-00, women's drafe - Friday 09-30. Housegroups - Sunday + Wednesday 19-30. Pastor M. Levey, member European Beattes Convention. "Dedare

ber European Baptist Convention. "Declare His glory amongst the nations."

BETHE INTERNATIONAL BAPTIST CHURCH,

CHURCH, S8, Voulingments Ave. Ann Helimberg 92, Fronklicht a.M. Sundry worship 11:00 c.m. and 4cg. S. S. 9.45. Worship of 11:00 c.m. and worship 11:00 c.m. and 6:00 p.m. Dr. Thomas 7:30 p.m. Tel.: 01-962-2665 for directions.

INTERNATIONAL BAPTIST CHURCH, BERLIN' Redienburg str. 13, 1000 Berlin 41
LIN' Redienburg str. 13, 1000 Berlin 41
HAMBURG neets of TABEA FESTIHALLE,
Stregisch Bible study 10.45, worship of
12:00 and 19:00 each State. Charles A.
12:00 and 19:00 each State.

12:00 and 19:00 each State.

13:00 and 19:00 each State.

14:00 and 19:00 each State.

15:00 and 19:00 each State.

16:00 and 19:00 each State.

17:00 and 19:00 each State.

Earl. Tel.: 05141-36735.

**RELIGIOUS SERVICES** 

BONN/KÖLN

THE INTERNATIONAL CHURCH International & Evangelical Sunday Service 10:30 cm. / (364 Welcome, Declared 1:00 pm. Celvice 10:30 cm. / (364 Welcome, Declared 1:00 pm. Celvice 10:30 cm. / (364 Welcome, Declared 1:00 pm. Celvice 10:30 cm.) / (364 Welcome, Declared 1:00 pm. Celvice 10:30 cm.) / (364 Welcome, Declared 1:00 pm. Celvic Hogue, Postor. Cuserstraal 3, 5. Amstaudam Info. 7el.: (02236) 47021.

BRUSSES

TRINITY BAPTIST S.S. 9:30, Worship 10:30, nurvery, warm fellowship. Meets at Church — 10:45 cm. Kallaramplaan 54 in Wassenaar. Tel.: (0751-78024.

Worship 1:00 pm. Celvic Hogue, Postor. Tel.: (07236) 47021.

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TRINITY BAPTIST S.S. 9:30, Worship 10:30, nurvery, warm fellowship. Meets at Church — 10:45 cm. Kallaramplaan 54 in Wassenaar. Tel.: (0751-78024.

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Worship 1:00 pm. Celvic Hogue, Postor. Tel.: (0751-78024.

BRUSSES

DARMSTADT/EBERSTADT BAPTIST MISSION.
Bible study & Worship Sunday 10:30 c.m.
Studentskion De-Berstodt, Bueschelstr. 22. Dr.
strong Ferrett, postor. Tel.: 06:187-91083
(postor) & 06151-68702 (deacon).

ic South Africa, as the negotiating forum is called, to resolve an aspect of the proposed guidelines for a new constitution that would give the black majority political equali-

The disagreement involved the ly reached consensus on other pro-

INTERNATIONAL BAPTIST FELLOWSHIP.

ul. Wyspionskiego 4. First Sunday each
month. 6:00 p.m. Gustaw Clestor, coordinator. Tel.; 33 23 05 + 66 49 32.

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community located in the western suburba.
5.5. 9.45; Worship: 10:45. Children's
Church and Nursery. Dr. S.C. Thorsos,
postor. Cell 47.51.29.63 or 47.49.15.29
for information.

INTERNATIONAL BAPTIST FELLOWSHTP. 6:30 p.m., 123 ov. du Maine. Mª Gaité. Near the Tour Montparnasse, The evening service of Emmanuel Baptist Church. Call 47.51.29.63 or 47.49.15.29.

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AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Possdomer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-8132021.

AMERICAN PROTESTANT CHURCH, Sunday School 9:30 a.m., worship 11 a.m., Kannedy Afee 150. Tel.: 0228 - 37 41 93

UNITARIAN UNIVERSALIST follows

BRUSSELS: Tel.: (32) 65-36-45-70.

GENEVA/BERN: (41) 31-4438-06.

MUNICH: (49) 89-690-2036.

PARIS: (33) 1-42-77-9677.

NETHERLANDS: (31) 71-121085.

islature, while the Government has beld out for 75 percent.

The two key participants virtual-

BUDAPEST

INTERNATIONAL CHURCH OF BUDAPEST Worship service Sunday morning at 10.30 BUDA CULTURAL CENTER, Dist. I, Convinter 8 Glen Howard, Paster, (36-1) 176-4518 Mail address: Bax 64, Budapest 1363.

COPENHAGEN

INTERNATIONAL CHURCH of Copenhagen, 27 Farvergade, Vartov, near Rischus, Skudy 10:15 & Worship 11:30, Jack Hustad, Pastor, Tel.; 31 62 47 85.

FRANKFURT TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (U-Bohn 5), Sunday School 9 30, worship 11 a.m. Tel.; (069) 599478.

GENEVA

EV. UJTHERAN CHURCH of Genevo, 20 rue Verdoine. Sanday worship 9:30. in German 11:00 in English. Tel. (022) 310.50.89.

LONDON

AMERICAN CHURCH in London at 79 Tottenham Court Road, Landon WI, SS at 9:45 c.m. & worship at 11 c.m., Goodge street Rube; Tel. (01) 580 2791.

PRIERVATIONAL COMMINETY CHURCH services at Ryders School, Hersham, Sunty, Sunday School at 10:00 and Worship at 11:00 a.m. Active Youth Program. Tel.: (0932) 808283.

MOSCOW

MOSCOW PROTESTANT CHAPLAINCY, UPDK Holl, UL Uloto Polme 5, Side, 2, S.S. 10 a.m., Worship 11 a.m. Tel.; 143-3562.

OSLO

American Lutheran Church, Fritznerset. 15 Worship & Sunday School 11 a.m. Tel. (02) 44.35.84.

PARK

AMERICAN CHURCH IN PARS. Worship 11:00 a.m. 65, Quoi d'Orsoy, Paris 7. Bus 63 al door, Matro Almo-Marceau or involder.

PRACEE

INTERNATIONAL CHURCH OF PRACUE-English worthigs 11-15, Vrozovo 4, Proque 5. Sunday School, crackes weekly bible study.

STOCOHOLM

IMMANUE CHURCH, Kungstense, 8, Birger Jerl, Friendly Christian Sellowithia, English, Swedish 8, Korean, 11:00, Tel., 46-8 151225

WARSAW

WARSAW INTERNATIONAL CHURCH, Pro-

estant English language expetitions, Sundays 11:00 c.m. (Sept.-May), 10 c.m. (June-Aug.); Sunday School 9:55 (Sept-May) U., Miedowa 21. Tel.-43-29-70.

ZURICH

MISSNATIONAL PROTESTANT CHURCH English speeking, workship service, Sunday School & Nursery, Sundays 11:30 c.m., Schonzengosse 25. Tel. (01) 2625525.

The cause was the inability of one of five working groups created by the Convention for a Democrations affecting regions and local-that were scheduled for discussion ities. The African National Con-gress agreed to 70 percent of the The general despair over the The general despair over the

votes in a constitution-making leg-deadlock, which blocked the presentation of progress reports by the other working groups, lessened on Friday evening after it was an-nounced that President Frederik W. de Klerk and the African National Congress president, Nelson Mandela, would meet to seek a solution. They are expected to report on the outcome at the convention's

session Saturday. Mr. Mandela told journalists that it would be naive for anybody to think that there would be no

deadlocks in the negotiations.

"While there is a will to address problems, there is bope those problems will be solved," said Mr. Man-dela, who sounded noticeably more relaxed than his subordinates had earlier today.

"We are confident that in the weeks or months that lie shead we will be able to make good progress," Mr. Mandela said.

form the majority in any region. The National Party also wants the new parliament to have a second chamber, called a Senate. whose members would be elected regionally rather than nationally.

The regional issue has become a scusitive one because the governing

National Party and several other

participants like the Inkatha Free-

#### ■ Augry Accusations

ANC officials accused the govemment and Mr. de Klerk's National Party of standing against democracy and negotiating in bad faith in a bid to maintain white supremacy after apartheid, Reuters reported from Johannesburg.

"What the National Party really wants is the rotten corpse of apartbeid to continue to rule from the grave," said Allan Hendrickse, leader of the mixed-race Labor

# Genoa Is Feting 500 Years

By Alan Cowell New York Times Service

Of Famed Son's Discovery

GENOA - As part of the 500th-anniversary celebration for its most famous son's arrival in America, this Mediterranean city, where Christopher Columbus was born, is offering a fair that will celebrate ships and the sea.

Boat sirens sounded as Italy's acting president, Giovanni Spado-lini, inaugurated the exposition on Friday. From now until Aug. 15, some 40 countries and organizations, including the United States, Japan and Italy, will show exhibits.

depicting their own special intimacies with the waters around their shores, and the ways in which they use and nurture them. And, aithough this relatively small exposition seems eclipsed in advance by bigger European attractions, like Seville's international fair, the Olympic Games in Spain, and even Euro Disney near Paris,

its organizers say it has a special claim.

"This is the first of a new exhibition type which is inside a city," its architect, Renzo Piano, said, referring to the fair's location on Genoa's old port, below the historic center of the city. Genoa once rivaled Venice as the leading port of Italy's Renaissance and acquired the dubious reputation of declining to sponsor

the explorations of Columbus, who was born in 1451. To mold the five-hectare (12-acre) site to their liking, the organizers of the fair have renovated old buildings, including a 19th-century cotton warehouse, to house exhibits.

They also have constructed in the waters of the old port a 60meter-high (200-foot-high) structure of masts and rigging to simulate the nautical theme of a deck-top cargo derrick. It has cost, by the official count, \$650 million, but, even with the

\$20 entrance fee, is unlikely to earn anything like that. Underlying the preparations lay the theme of how Genoa, as a city, stands to benefit from the infusion of cash and interest.

# WORLD BRIEFS

#### Pakistan Raises Military Outlay 8.4%

ISLAMABAD (Reuters) — Finance Minister Sartal Aziz said Friday that security concerns did not permit Pakistan to make the mintary

that security concerns did not permit Pakistan to make the military budget cuts demanded by aid donors.

"Our security is more important than other developments," he said a day after presenting to Parliament the national budget for the fiscal year that starts July 1. The budget gives 82.15 billion rupees (\$3.26 billion) to the military, about 8.4 percent more than in the current year. Pakistan said the military would remain its top priority as long as it feels threatened by India. The two nations have fought three wars since they general independence from Ritain in 1947.

they gained independence from Britain in 1947.

#### Ammo Blasts Spread in Vladivostok

MOSCOW (Reuters) — Huge explosions tore through the sky near Vladivostok on Friday as more than 250 servicemen battled to put out a blaze that broke out at an ammunition dump Thursday and was spread-

About 6,000 people were evacuated from their homes in the Russian Far East port, Tass said. Russian television showed the city lit by an orange glow as exploding shells rocketed into the sky.

Five servicemen were injured in the blasts, which hunted shell debta in

a radius of one kilometer across the outskirts of the Pacific Ocean city. "The situation in the area is getting worse." Tass said. "Expectations that the blaze could be contained have proved wrong. The fire has spread to new areas and is threatening to spread to buildings containing those

#### Case Against Papandreou Is Dropped ATHENS (Reuters) - The Greek parliament voted Friday to dre

criminal charges against former Prime Minister Andreas Papandicion, who was accused of illegally bugging the phones of his friends and his

With more than half the parliament boycotting the secret ballor deputies voted, 117 to 24, to close one of the most turbulent and controversial periods in modern Greek politics.

Mr. Papandreou, 72, was cleared in January of separate charges of masterminding a multimillion-dollar bank embezzlement scheme white in office from 1981 to 1989. He demed those charges and stayed away from a 10-month trial. Now leader of the main opposition party, Ma. Papandreou told his 119 deputies to shun both the debute and wote.

#### Taiwan Liberalizes Its Sedition Law

TAIREI (AP) - Parliament amended Taiwan's sedition law Friday in a major step toward greater freedom of speech. The legislation now specifies that only those advocating acts of violence will be proscured under the Criminal Code, deleting the clause that punished discussion of Taiwan's independence.

Under the amendment, those who intend to use violence or illegal actions to destroy the state, usurp national territory or overthrow the government will face prison terms ranging from seven years to life imprisonment. Officials said the amendment would lead to the release of several leading dissidents held on sedition charges for advocating an independent Taiwan.

#### For the Record

Erich Honecker, the former East German leader, has been formally Erich Honecker, the former East German seaser, has been remany charged with ordering guards to shoot to kill refugees who were trying to flee their Communist homeland, justice officials said Friday in Renim. Five other former East German officials were also charged: the Stanichief Erich Mielke; President Willi Stoph; Defense Minister Heinz Kessler, his Erich Mielke; President Willi Stoph; Defense Minister Heinz Kessler, his aniember of the National. deputy Fritz Streletz, and Hans Albrecht, a member of the Na

#### TRAVEL UPDATE

Spain's cabinet has approved a smoking ban on domestic flights of less than 90 minutes. But plans to outlaw smoking in public places, including solway stations, restaurants and shopping centers, were scrapped because Health Ministry officials were skeptical that they could be en-

Belgian trucks will be the first subjects of an EC surveillance project scheduled to start on a Continent-wide basis next year. The microchip-carrying trucks will emit details on cargo, speed and interacy, along with

the driver's time behind the wheel.

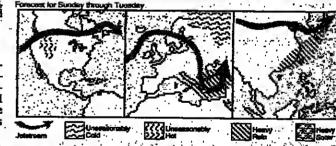
China and Japan have agreed to increase flights between their countries, including a route allowing Chinese aithness to fly to Nagoya, a Japanese official said Friday. Japanese carriers will be allowed to fly seven more weekly jumbo passenger flights to Shanghai beginning July I.
This gives Japanese airlines 13 flights a week. (Reuters)
Japan is ready to start civil aviation talks with Israel, Qatar, Bahrain,
The United Arab Emirates and Oman on the opening of Kansai airlort
near Osaka in 1994, Transport Minister Keiwa Okusa said Friday. (APP)

Qantas Airways plans to increase its Hong Kong-Bangkok and Hong Kong-Singapore services to seven a week by late October. Also by then, it will increase Scool flights to two a week, and an eitra weekly service to Jakarta, and link Melbourne with Bali and Bangkok with three new flights. Qantas plans two Sapporo flights a week, and wants to upgrade its charter link with Ho Chi Minh City to a scheduled service. It has added a fourth weekly Frankfurt service, put three more flights on its Sydney-Los Angeles nonstop route, and added another weekly service from Cairin to Los Angeles and from Cairins to Singapore via Darwin.

(AEP)

Air France will start a frequent fleer program for full-fare passengers that will take effect June 1. Only passengers residing in France will be eligible for the program, although points will be tallied on international flights. The number of points granted will depend on distance traveled, the class occupied and the type of fare. dom Party believe that the interests of minorities, including whites, can be better protected if power gets decentralized down to the regional level even though whites do not

#### The Weather



A few showers and thunderstorms are filledly Sunday from Kansas City to
Chicago and Toronto. It
Ch

North America

Europe

Asia .

Today Today Todayning Today To Bangkok Bellag Hong Kong Manu Delhi Secul Shangkei Singapora Talpa Tokyo Algies 27.80 13.65 e 27.80 1365 e 25.07 13.65 e 27.80 1365 e 27.80 1365 e 27.80 1365 e 27.80 13.65 e Boenos Aires 20 /56 9 /46 pc 20 /46 844 8 Caracas 31 /66 19 /85 pc 30 /46 19 65 pc Link 24 /75 21 /76 9c, 24 /76 20 /85 pc Maxico City 24 /75 21 /76 9c, 24 /76 20 /85 pc Rio da lameiro 26 /76 20 /85 pc 27 /80 20 /86 pc Sentingo 18 /84 6 /25 pc 18 /84 645 pc

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commercialized, says Stephanic

Cocotz, author of the forthcoming book, "The Way We Never Were: American Families and

the Nostalgia Trip." Mother's Day, which fell May 9 in the Umted States, is the busiest of

the year for restaurants, the pre-

ceding week is the busiess for florists, and "the real meaning of

And what is the real meaning?

"Most people believe that Moth-

er's Day started out as a private

celebration of women's family

roles and relations," writes Miss

Coontz. Thus "we took Mom

breakfast in bed to thank her for

all the meals she made us. We

Mother's Day is gone."

# LD BRIEFS

S Military Outlay 8.40/
Finance Minister Sartaj Aziz sad Finance permat Pakistan to make the month.

denors.

Terrain than other developments. An american the national budget for the fission from the fission from the fission from the fission from the current year.

The two nations have fought three was an amount in 1947.

pread in Vladivostok re than 250 servicemen battled to put out

evacuated from their homes in the Russian television showed the city lit by a easter television showed the city lit is a cast reciseted into the day.

The cast is the blasts, which buried shell debate cast outstarts of the Pacific Ocean. red in the pursus, which have a new needs in reasons the outside of the pacific Ocean in Tass said. "Expectations reas the outsains of the Pacific Oceania market proved wrong. The fire has spread a fire spread to buildings containing the

apandreou Is Droppel he Greek parliament voted Friday to the former Minister Andreas Papadon husbing the phones of his friends and he

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izes Its Sedition Law at amended Taiwan's sedition law Friday of freedom of speech. The legislation in coefficient of violence will be prosent forms the clause that punished discussing

mese who intend to use violence or he Language definition of overthous to terms ranging from seven year of age agreed ment would lead to the related and on section charges for advocating a

ger Bass Cerman leader, has been formit s to about to kill refugees who were trings and justice officials said Friday in Infa. an officials were also charged; the Stader Stock, Defense Minister Heinz Kentals Stock Alberton, a member of the Name

#### EL UPDATE

ed a smeaking ban on comestic flights of lea o curiary with hing in public places, including and sharpeng centers, were scrapped be that were skapaien that they could be as

Erre surrellance project managed the state that year. The microchip the control of the state of the

and a rerease flights between their cour The Carrier a rlines to fly to Nagoya the Lagrange carriers will be allowed to fit remper 5:45 to Shanghai beginning July L a avial on take with feract Quar Bahna

Omean no the opening of Karsai spor r Maraster Kerwa Okusa said Friday. (AFI) merchanis Francis Kong-Bangkok and Bog even a week on the October. Also by that THE L MECH, 200 IN CASE Workly SOME e with Be, and Bangkok with threat perge fight to a week and wants to uppart h City in a checuled service. It has both and pur in the more flights on its Sympla Come and they were a service from Cant a to Singapore via Darwin.

Great flier program for full-fare passes. Order the second per residing in France all stages points will be falled on international a granted as " depend on distance trade









cassion of the cause, but privately some officials expressed dismay over the hasty procedure. About 200,000 Opus Dei members and sympathizers from many parts of the world are expected to attend the beatification ceremony to St. Peter's Square, according to The Italian conference of bish-

ops, meanwhile, has announced that it would seek the beatification of Pope Paul VI, who guided the church through the turbulent peri-od after the Second Vatican Councal but whose decision in 1968 to realism the ban on artificial means of birth control made him a deeply controversial figure in the church. The bestification of Monsignor Escrive is a front-page story in Spain and Italy because of the Opus Del's perceived political and imancial clout. Catholics in Ger-

many, Switzerland and Austria

have raised a chorus of criticism

against the beatification, largely because the Opns Del embodies

He praised the ace readezvous pilot Dan Brandenstein for his initiative in shaping the astronauts' jury-rigged plan to grab the pon-derous 4.5-ton satellite in their gloved hands. It was Mr. Brandenstein, for example, who pressed for the "gang of three" — the first spacewalking trio in history — to exit the

NASA Sees Satellite Success as a New Beginning

Endeavour astronauts took another space walk Thursday, testing construction techniques for the future space station Freedom.
The walk was the fourth on this mission, which is scheduled to end Saturday with a landing at Edwards Air Force Base in Cali-

Mr. Goldin said the satellite rescue was not only "a return to 'can-do' NASA of old" but also a NASA moving forward. He rethe tor. Al Pennington.
The daring exploits of the Endeavour asmining in the improvised rescue of an ermining in the improvised in the improving the improving the improving the improving the improving in the newed President George Bush's pledge to send Americans back to the moon, "this time to stay, and then on to Mars."

But the mission has also propelled skeptics to wonder if taxpayers were getting their grappling hooks if they expect a shuttle resmoney's worth out of the risky rescue mis-

can do things that "machines just cannot sion that will provide international commu-do," Mr. Goldin said. millions in earnings over the satellite's esti- din said. mated 12-year lifetime, but brought NASA only \$94 million in contract fees.

> Reagan administration. Responding to critics, Mr. Goldin ap-

pointed a duo of experts to prepare a report by August on NASA's pricing policies for shuttle services such as this week's capture and repair of the Intelsat 6, which a launching malfunction two years ago had left stranded in a too-low orbit. The two are Eugene Covert of the Massa-

chasetts Institute of Technology, a former member of the presidential commission that investigated the Challenger disaster, and re-tired Air Force Lieutenant General Thomas Mr. Covert and General Stafford are also

to study whether NASA should require satellite makers to design their spacecraft with

nications giant, Intelesat, with hundreds of heroic things" if it can be avoided Mr. Gol-

Intelsat has said it does not intend to redesign its communications satellites, which NASA officials have said they charged the are intended to head straight to a "geosyntoing rate under policies established by the chronous" stationary orbit about 22,300

nautical miles high. Whatever the price to Intelsat, space flight officials said they had already harvested a bonanza of information from the mission. The exact nature of the insights will have

to wait until the crew has been thoroughly debriefed, officials said. But Mike Hawes, a space station official based in Reston, Virginia, said several things

were evident. For one, he, said, they had learned that "all the dynamic interactions are more com-plex to simulate" than previously thought. He said that trainers henceforth occided to he more careful in how they modeled training hardware and activities.

The training of the Intelsat crew, experts agreed, turned out to be very dissimilar to

### Clinton Scolds the Education **President**

By Gwen Ifill New York Times Service LOS ANGELES — Bill Clinton

is framing education as a major focus of his fall campaign, asking voters to compare his record and ideas with what he describes as President George Bush's broken promises

He is contending that America's commitment in bettering itself economically and socially has been burt by a failure to place education at the top of the nation's priorities, and he called for a revived commit-

ment to schools and job training. In a speech at a distressed poblic college in East Los Angeles on Thursday, for example, the Arkan-sas governor outlined an education plan that calls for federal college tritioo assistance, job training for high school dropouts and graduates who choose out to go on to college, and legislation that would allow parents in choose which pub-lic school their children will attend.

"We know we have real gaps in American education," he said. "Opportunity gaps and responsi-bility gaps which are more impor-tant to our national security today than the missile gap that played such an important role in the presidential election of 1960.

"The education opportunity gaps between ourselves and the rest of the world and among our own people are immense."

Mr. Cinton said his administra- Fires in Kuwait tion would set oew education goals, including a plan to increase high Raise Doubts on school graduation rates to 90 percent of enrolled students, "mean-ingful" national examination standards for students and teachers and increased federal spending on programs to reduce class size and expand preschool opportunities.

As has become Mr. Clinton's habit in the weeks since he began transforming his campaign into a general election effort aimed at stressing the failures of White House policy, he faulted the administration for oot hving up to promises Mr. Bush made as a candidate to 1988 and during an education conference with governors

"America oceds an education president who shows up for class every day, out just once every foto years," he said. Mr. Bush, he said, has cut funding for bilingual education, job training, literacy programs and college aid.

"The president's education plan amounts to a form of trickle-down education that won't help America anymore than trickle-down ecooomics has helped us in the 1980s."



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MENNA

### **AMERICAN**

#### **TOPICS**

Hands on the Wheel. Not on the Car Phone This is National Cellular Safery Week for the 4 million people

who own car telephones. Many of these drivers are convinced notes The New York Times, that they can maneuver in traffic with phones tucked ioto their shoul-

The proper way to use a car phone, says the Cellular Tele-communications Industry Association, a trade group, is to use the phone's "hands free" feature. This is provided by a microphone, usually attached to the sun visor, and a speaker, usually oear the gearbox. "But people don't use it,

they forget it's there," said Norman Black, a spokesman for the group. While there are oo data on accidents related in cellular phones, Mr. Black said, the trade group wants to emphasize safety before there is any push to compile such statistics.

#### Short Takes

Paul E. Tsongue dropped out of the presidential race too soon, writes Kevin Haynes in The Washington Post. "Tsongas's oversight: Americans prefer presideous with odd middle

House occupant since the De-pression has had one, and "Paul Ethemios Tsongas had all the makings of a winner," a worthy successor to Franklin Delano Roosevelt, Harry S. (for nothing) Truman, Dwight David Eisenhower (the only exception to the rule), John Fitzgerald Kennedy, Lyndon Baines Johnson, Rich-

ard Milhous Nixon, Gerald Rudolph Ford, James Earl Carter Jr., Ronald Wilson Reagan and George Herbert Walker Bush who boasts not one but two mid-Though medical breakthroughs

are frequent, "patients frequent-ly find that their doctors are out picked her a bouquet of flowers to symbolize her personal, unfamiliar with the details of the new treatments or decline to use paid services." them," Gina Kolata reports in The New York Times. Contrib-To fact, Ms. Cocotz says, the first observances of Mother's Day to the 19th century "celeoting factors are medical journals that fail to mention imporbrated the extension of women's tant new findings, aggressive moral concerns beyond the home. commercial promotion of out-of-They commemorated mothers' date drugs and traditional medicivie roles and services in the cal education and practice. Dr. nation," not their roles within Jeffrey Isner, a cardiologist at Tufts University School of Medithe family. "The women who or-ganized the first mothers' days cine, says that in medical school, believed that motherhood was a policical force that should be moyou spend a lot of time learning and memorizing." And theo "someone says, 'We're going to do it a different way. That means all your investment is worthless."

She adds, "The earliest call for mothers' day came from Anna Reeves Jarvis, a community acrivist, who in 1858 organized Mothers' Work Days" in western Virginia "to improve sanitation in Appalachian communities."

Arthur Higbee

that he personally was "not capable"

of surrendering territory." The fu-ture of the territories, he said, was

to he negotiated by his successors.

and the emotions are calmed a bit,

it will he possible to think about an agreed solution," Mr. Shamir said. He said he had "all kinds of ideas"

about a permanent solution, and added that he had discussed them

in the 1980s with the U.S. secretary

of state at the time, George P.

"But I don't want to publicize

these ideas," he said, "because if we

begin discussing them, we will not

achieve any immediate progress."

Mr. Shamir also said that Israel

should start looking more to Eu-

rope for support and not rely solely

give up all the land under its con-trol in the West Bank, Gaza Strip, Golan Heights and East Jerusalem, military aid.

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"After the violence is stopped

# Shamir Accuses the U.S. of Trying To Force Israel Back to '67 Borders whose annexation by the Israelis is out recognized by Washington. In any event, Mr. Shamir said

Mr. Shamir said in an interview

with the newspaper Ha'aretz.
"The difference between this ad-

ministration and its predecessors,"

he said, "is that it shows determina-

tion in implementing its position.

while other administrations trusted

that the issues would be resolved to

Shamir has complained that the Americans had ceased to be an "honest broker" and were tilting

toward the Arabs, he added that

until oow they have behaved ac-

ceptably" in the peace talks under

way between Israel and Syria, Jor-

Like much of the world, the

United States has called on Israel

to yield territory to return for guar-

antees of peace with its oeighbors,

But since the late 1960s it has not

suggested that Israel would have to

dan, Lebanon and the Palestinians.

Nonetheless, even though Mr.

the course of negotiations."

Mother's Day Is More

Than Just a Meal Out

Many people complain that Mother's Day has been over-

By Clyde Haberman

New York Times Service
JERUSALEM — Prime Minister Yitzhak Shamir said in a pubished interview Friday that the United States was trying to force Israel to yield ocarly all of the territory that it had captured to the 1967 Middle East war.

Other senior Israeli officials have issued similar assertions to recent months, including one Shamir aide who said that Israel would he re-nurned to the "borders of Auschwitz" if it went back to its pre-1967

This was the first time that the prime minister himself made the accusation, although in the past he has criticized the Bush administration for what he said was Washington's attempt to dictate the course of oegotiations on Israeli-occupied territories in the ongoing Middle

East Peace process.

"The United States really wants to return us to the 1967 borders with minor border adjustments.

# **Nuclear Winter**

WASHINGTON - Scientists studying the Kuwaiti oil fires caused by the Gulf War were surprised to find that smoky clouds from the fires did not travel far, leading them to speculate that smoke from a ouclear war might not cause global cooling.

In an article in this week's Science magazine, Peter Hobbs of the University of Washington in Scat-tle and Lawrence Ratke of the Na-

tional Center for Atmospherie Research to Colorado said that fires resulting from a nuclear war would probably act much as the Kuwaiti oil fires did and would not send massive amounts of soot around At the time, it was feared that

large plumes of smoke from the fires would travel rapidly into the jet stream and cause elimate changes worldwide. But the scientists said that airborne studies found that clouds and moisture close to the ground kept the smoke out of the upper atmosphere.

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Herald Eribune.



# Gorbymania: Ironic Shrugs Back Home

By Serge Schmemann

By Kathy Sawyer

Washington Post Service

HOUSTON — Following the dramatic

gate walk to rescue a marconed satellite.
America moke up with a new set of heroes,

and NASA saw what it hoped was a new

dam for the manned space program.

This bringht the magic back to our space program, said the administrator of the National Accounties and Space Administra-

non, Daniel Goldin, "It represented the best

us all."

res than the "Penis of Pauline,"

ciff langua than the "Perils of Pauline," has answered. It has set NASA managers acrambing to rethink their training methods and assumptions about handling large masses in

"We've rewritten the book," said the flight

inied in work, showed that people in space.

Moscow — Mikhail S. Gorbachev's heady swing through the United States has drawn something akin to an ironic shrug among his companious.

The lew membranes that have given the was now posterior all have done so largely in passing. A couple of them noted briefly that he hadreceived the Albeit Schweitzer Award, while Knranty reported that he was now while Knranty reported that he was now appearing in a toxedo, which he stannelly

By Lawrence K. Altman

NEW YORK -- Tests of more

New York Tones Service

than 15,000 people have found no new cases in which patients were

fected with the virus that causes

The only known such transmis-

sion of HIV, the virus that causes

AIDS, involves five previously re-

ported cases in the practice of a Florida dentist, David J. Acer of

By Barry James

International Herold Tribune
Culminating one of the most

controversial decisions of his reign,

Pupe John Paul II on Sunday will bealify the Spaniard who founded Opus Del, a militant association that some Catholics have described

as a sectarian and fundamentalist

ione within their church. The beatification of the Rever-

end Josemaria Escriva de Balaguer occurs only 17 years after his death, at age 73, and is a record in this

century and one of the fastest in the

fore canonization or sainthood, a

distinction that some saints have

taken hundreds of years to achieve.

Yatioan sources said the Pope had banned any further critical dis-

Beatification is the last step be-

2,000-year annals of the church.

Stuart, who died of AIDS.

AIDS from treatment by health-care workers, according to federal

health officials.

refused to do as Communist Party leader and Soviet president.

"Such external 'capitalization,' judging from everything, has also been internal," the paper wrote. "In any case, the former leader of the Communists has begun asying that capitalism, you see, is an instrument for building a new civilization."

The brief article continued in a sarcastic vein, concluding that Mr. Gorbachev's "salon socialism" no longer seemed to frighten magnates "who generously donate dollars to the

care workers, civil libertarians and

advocates for HIV-infected indi-viduals over guidelines for health-care workers developed by the U.S.

The disease-control agency initially planned to list procedures

that HIV-infected bcalth-care

workers should not perform and

John Paul, Widening a Divide,

To Beatify Opus Dei Founder

man for the Opus Dei m Rome,

said many critics were attacking the organization as an indirect way of

attacking John Paul II, its protec-

The Pope prayed at Monsignor Escrivá's tomb before the conclave

at which he was elected, and has

given the association a key role in extending his kind of muscular, no-

We start from a position of cer-

tainty in our faith, not doubt," Mr.

For many years, the Opus Dei courted accusations of unortho-

doxy. In founding the association in 1928, Monsignor Escrivá was guided by the belief that not only

priests and religious but ordinary

lay people as well could achieve

sanctity in their everyday lives. Opus Dei means work of God.

The vast majority of Opus Dei members - 76,816 according to

the 1992 Vatican yearbook - are

laymen and women. More than

30,000 of them have taken vows of celibacy, obedience and poverty

but they insist on referring to these

promises as "solemn commit-

ments" to distinguish themselves

from priests or religious. Elite

members, known as numeraries,

live in communities and practice self-mortification such as flagella-

tion and wearing a spiked ring around their thighs.

Of the 92 witnesses who testified

at the process leading to the beatifi-

cation, only one was unfavorable

and his testimony was rejected. A list of witnesses published in Spain indicates that two-thirds of the wit-

nesses were members of the Opus

Dei and many others were closely

connected with the association, a Rome church for veneration.

doubts Catholicism.

favorite retirement pastime of Gorbachev -

The longest account of the tour was in Komsomolskaya Pravda, which like Kuranty injected large doses of frony ioto the reporting. The headline was, "Gorbymania in New York, Gorbyphobia to Moscow" — though the article was only about the Gorbymania.

The tack of interest here in Mr. Gorbachev reflects the fact that since his resignation in December, he has lost virtually all influence

Health Workers Cleared Over AIDS

year of AIDS at the age of 23. She had harshly criticized public health officials for allowing Mr. Acer to The guidelines had been ap-The guidelines had been approved by Louis W. Sullivan, the A bitter feud has developed be-tween the Centers for Disease Cousecretary of health and human sertrol in Atlanta and many health-

ciations reversed position, saying there was no scientifically valid way to draw up such a list.

In December, the disease-control

But the medical and dental asso-

agency dropped the planned list and revised the guidelines. Al-though agency officials have repeatedly said that the new guide-One of Mr. Acer's patients was had strong support from the Amer-lines would be issued soon, M. Kimberly Bergalis, who died last ican Medical Association, the Sullivan has not acted on them. lines would be issued soon, Mr.

Several former Opus Dei mem-

The result, critics said, is hun-

dreds of pages of bland hagiogra-phy that omits details of his alleg-

edly fearsome temper, vanity, arrogance and intolerance.

in a space of books that have been

published in Spain recently, includ-

ing one by Maria del Carmen Ta-pia, who is often described as Mon-

signor Escriva's former secretary.

difference, he said the word secre-

tary on its own might convey the

idea that Monsignor Escriva had

been alone in a room with a wom-

an, which he said was never the

In her book, "Tras el Umbral," or "Over the Threshold," Miss Ta-

pia, who remains a practicing Cath-

them and does not hesitate to un-

During the celebrations sur-

rounding the beatification, Monsignor Escrivá's remains will be re-

moved from a crypt in the Opes

Dei headquarters and placed to

case with Miss Tapia.

her a "whore and pig."

dermine family ties.

These allegations have appeared

# Airport Queens New York

# **VOLLEY:**

should not he subjected to onerous levels of jet noise simply to placate

conservative values that liberal detail that Mr. Corigliano denied in a letter to the International Herald Tribune last month bers, including some who worked closely with Monsignor Escrivá, were not allowed to testify.

test were evaluated, the agency would not be able to say with cer-

Mr. Corigliano also denied this in his letter. Pressed on the point, he conceded that Miss Tapla was "general secretary" at the Opus Dei headquarters. Asked what was the

> day, but in the past hour. another roar appears," said Mrs. Weintraub. "It is a continual thing.

provincial government appointed a Nova Scotia Supreme Court justice Friday to head an investigation into the coal mine explosion May 9 that billed up to 26 miners.

MONACO GRAND PRIX F1

# U.S. Open Echoes

(Continued from page I)

thousands of Queens residents."

ants that sometimes appear in the nearby woods.

olic, accused the Opus Dei of being a sect with a fanatic leader cult. She HALIFAX, Nova Scotia - The said Monsignor Escriva had called Former members of the association said that the Opus Dei was obsessed with secrecy and bour-



planes from taking off over a park to taking off over people's homes," he said. "The citizens of this county

city officials."
Claire Shulman, the borough president, responded with a statement declaring her resentment at Mr. Gulotta's tone to criticizing "an ongoing effort to gather and evaluate data oo how best to alleviate aircraft ooise for hundreds of

Duncan Pardue, an aviation agency spokesman, said that until the data and complaints from the tainty that the new patters caused

All of which is of little comfort to Mrs. Weintrand, as she walks on her manieured lawn surrounded by towering oak trees. Mother's Day she said was so bad that as her children gathered at the house, choking on jet fumes, she worned about the safety of the wild pheas-

Neighbors talk about how many planes they counted oot in the past As soon as one sound dies off,

#### Inquiry in Mine Deaths The Associated Press

geris appearances, puts heavy pressure on young people in recruiting



# Herald Cribune.

# Heroism but No Miracles

more than salvage a communications asset Wednesday night. They saved the space program from ignominious failure.

Their triumph showed that the space agency's "can do" spirit has bounced back from years of demoralization caused by the Challenger accident in 1986.

But as Americans applaud the astronauts' feat, they also need to observe the underlying lesson of this cliffhanger. It did not prove, as space enthusiasts claim, the importance of sending burnans into space instead of robots. .Instead. it proved almost the opposite — that costly manned flights should not be used to rescue replaceable satellites.

More important, the halting performance of the space agency in handling this very simple mission raises doubts that it is ready to perform the truly complex mission of the 1990s, the construction in space of an elaborate space station.

The current mission, the inaugural flight of the shuttle Endeavour, seemed made for the manned space program.

Its centerpiece was the rescue of a communications satellite, Intelsat-6, which had settled into the wrong orbit after a launching failure in 1990. This was a textbook case for the shuttle. The original machines had failed and buman hands were needed to make things better.

There were obstacles. The errant satellite did not, like newer ones, carry handles for easy retrieval. So NASA designed a special capture bar, at a cost of \$7 million, and the astronauts practiced with it for months in simulations in a pool of water.

But when they got into space, the astro-nauts were bedeviled by problems. On two separate space walks they were unable to secure the bar to the satellite, either because the bar had been poorly designed or because they were inexpert at handling it. even after all of that practice on the ground. Only the astronauts last-minute

Serbia Must Be Isolated.

The news from Yugoslavia becomes ever

more calamitous. Serbian insistence on

pressing the attack in Bosnia is forcing the

United Nations, far from substantially in-

creasing its ranks as the crisis requires, to

thin its already minimal presence in the

besieged and battered Bosnian capital of

Sarajevo, where the UN secretary-general

describes the situation as "tragic, danger-

ous, violent and confused." Serbia, by spin-

ning off most of the Yugoslav Army sol-

diers under its command to the Serbian

community in Bosnia, is putting a heavy

new burden on the UN's call for demobili-

zation. In Croatia, where an uneasy UN

truce holds, Serbia's refusal to demilitarize

certain areas threatens renewal of Serbian-

It is all enough to deflate any residual

bopes for an automatic new magic of the United Nations. The world organization

can only operate on the basis of instruc-

tions composed by its members. In this

instance, the members have been unpre-

pared, and not without some reason, to use

force to offset the intransigence, arrogance

and indifference to justice and law of Serbia in the first instance and Croavia in the

second. The growing urgency, however,

makes this a poor moment for a grand

wringing of hands over the shortfall of UN

Recognize Macedonia

The United States has rightly distanced

itself from the aggressor gang now running

Serbia, but it still will not recognize the

peacefully inclined former Yugoslav repub-

he of Macedonia. Greece insists that only

its own northernmost province is entitled to

that name. For Washington to continue to

honor Greece's harsh demands invites terri-

torial claims on Macedonia from outside

of a plot to grab the glory that was Greece, and some of its territory as well. Greece

wants the new nation to call itself the

Republic of Skopje. But the tiny new state

has the right to call itself whatever it

wants. And it is absurd to think of this

defenseless nation of two million Slavs,

Albanians and Turks as a threat to Greece.

Greece contends that neighboring Alba-

What's in a name? To Athens, it is part

and disintegration from within.

Croatian hostilities there too.

resourcefulness saved the day. Three of them ventured forth in the largest spacewalk ever and jointly grabbed the slowly spinning satellite.

They stabilized it for more than an hour. then booked the capture bar on by hand so that Intelsat-6 could be pulled into the sbuttle bay and strapped to a rocket that would boost it into its proper orbit. The task took eight and a haif hours, the longest spacewalk yet. The daring and discipline were palpable.

But was it all necessary? Probably not. The original Intelsat-6 cost \$270 million to huild and launch. The rescue mission cost NASA anywhere from \$300 million to \$1 billion, although the agency charged

From Intelsat's point of view, it was cheaper and faster to have NASA salvage its derelict satellite. But from a national perspective, it might well have been cheaper to let Intelsat send up a new one.

Top space officials argue that the cost was justified because the shuttle mission is an investment in learning how to work in space; rescuing the satellite simply provided an opportunity.

But the real lesson of this mission is that work in space is apt to be far more difficult

that anyone is now assuming.
It took the astronauts three full days to attach the capture bar to the satellite, a relatively simple task for which they had two years to prepare. It will be far more daunting to assemble a full-scale space station, with thousands of struts and components just waiting to balk.

We have long opposed the proposed space station because it will provide only limited

capabilities for an astronomical puce. The difficulties of the current mission magnify doubts that NASA will be able to meet its time and cost estimates for assembling the complex structure in space.

peacekeeping - and of mediation by the

European Community. It is a moment for

other countries to do what they can in

the absence of a general readiness for.

A "continuous and uninterrupted pro-

cess of patient negotiation led by the Eu-

ropean Community," in the words of the

Secretary-General Butros Butros Ghali, is

essential. Meanwhile, pressures can be

brought to bear. A range of practical diffi-

culties confront almost any specific pro-

posal to pin Serbia, the most responsible party, into political, economic and diplo-matic isolation. These difficulties will sim-

ply bave to be surmounted as best they

can. In the short term the Serbs cannot

easily be denied the means that will allow

them to impose a solution of their military

choice. But they can be denied the open-ings and comforts essential to Serbia if

it is to become an accepted part of Europe

At the moment the Serbian leadership

appears to be in the grip of a frenzy of ethnic assertiveness and self-pity. When the

frenzy subsides, as it must, the Serbian

people cannot be kept from the certain knowledge that their leaders decimated the

country's current prospects, mortgaged its

future, alienated some of its truest friends

- THE WASHINGTON POST.

and otherwise made Serbia a pariah state.

nia or Bulgaria will move into Macedonia and endanger Greece. Both do have long-standing territorial claims, though they lack

the means to exercise them. Still, Greeks

have bitter memories of a civil war when

Tito's Communists used Belgrade's control

name, but by withholding recognition and blocking trade from Macedonia, it openly

sides with Serbia, the main source of insta-

together by force. And it continues its brutal

repression of the Albanian majority in Ko-

sovo. That may yet lead to unrest among the

ington to head off further instability and

protect Macedonia's independence than to

-THE NEW YORK TIMES.

There could be no better way for Wash-

Albanian minority in Macedonia.

Serbia has tried in vain to hold Yugoslavia

Greece is nominally concerned about the

of Macedonia to menace Greece.

bility in the Balkans.

recognize its borders.

a military intervention.

and the outside world.

**The Yugoslav Calamity** 

- THE NEW YORK TIMES.

# Yugoslavia: Costs of a European Failure

By Stephen S. Rosenfeld

WASHINGTON — Beyond the death and suffering, what stuns people about Serbia's aggresropean CSCE - the Conference on sion in Yugoslavia is that it proceeds Security and Cooperation in Euin a region. Europe, where that sort of thing is not supposed to happen any more and where a full set of rope - could not bring itself to uphold security and cooperation in Europe by throwing out Serbia. institutions and procedures ostensi-Many Europeans myopically ra-

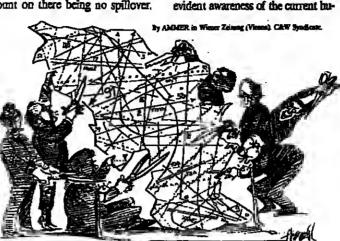
bly is available for rescue service. tionalize the averting of their gaze This feeling that things are not only ugly and wrong but puzzling unreasonable, too complex, out of the system's control, maccessibly by pronouncing Yngoslavia "excep-tional." This soothing designation rests on the premise that Serbia's example in lannching the most hor-"cultural" rather than political — all this has created an atmosphere rendous unchecked aggression on the continent since World War II of beholessness and surrender to can have little relevance elsewhere. events. It is captured in the common Europeans, playing with illusion, observation that, well, if the Yugoexpected Yugoslavia's previous phase, when Serbs invaded Croatia. slavs are so determined to resist enlightened outside help and to keep on killing one another, then the rest of us will just have to wait to be the last. In the new phase Bosnia is being torn, and they still count on there being no spillover.

until the fire burns out. Add to this a view that all of the Yugoslav parties have acted badly, and you have the basis for the evident retreat from engagement in Yu-goslavia that is visible across the international band. Call it Euroisolationism since, while the United States is not irrelevant to the proocedings, Europe is central.

It is a sobering thing to happen at a moment when a new age is being defined. Even as Serbia and Croatia devour Bosnia, the European regional organizations talk of setting up a European security framework - for the next time. The European Community, intent on proving the responsible collectivism of the new Europe, was humiliated by Germany's imprudent unilateral recognitinn of the former Yugoslav states. On Tuesday, the famous all-EuThis is a judgment that may yet be cruelly tested if Serbia pushes its violence into Kosovo or Macedonia, parts of Serbia and the old Yugoslavia, respectively, in which Albania, Greece, Bulgaria and Tur-

key have a keen interest. Europeans, and Americans too, repeatedly made the tactical mistake of advertising their reluctance to engage in military action. Their purpose presumably was to assure the public that no adventures and no heavy costs were in store.

Arguably, however, the effect of abandoning the useful mists of ambiguity was to lose a chance of induc-ing a bule slowing doubt in the Scrbians' minds. Nor is there much



Tailoring Yugoslavia

manitarian dilemma in Bosnia, Serbia in particular but also Croatia are approofing hoge numbers of civilians.

At the least the humanitarian agencies ought to have a symbolic

international guard presence, as in northern Iraq, so that they can work in somewhat greater safety. Bosnia made political errors. Hopelessly underarmed, it counted on a declaration of independence drawing international protection for its successfully multiethnic society. But the declaration violated the

rule that disputes in multiethnic so-

cieties must be settled by consensus, not by majority vote; and it became the pretext for a Serbian assault to ensure that Bosnia's Serbs would not end up on the far side of an international frontier. Croatia conducted a similar exercise of its own. Meanwhile, the end of the Cold War had removed the West's sense

that events in Yugoslavia mattered strategically. Ethnic confusion dulled any lingering Western inclina-tion to think of Croats and then Bosnians as victims of a classic across-an-international-border attack. Nor was there oil to what the

West's desire for engagement.
Still, nothing that Bosnia did justified what Serbia, and to a lesser extent Croatia, did next. Bosnia is the major victim, perhaps not the last of the Yugoslav tragedy. This is the standard against which Serbia and Croatia must be judged. Yugoslavia offered Europe a difficult but essential occasion to start the new age off right. For Europe's failure, Yugoslavs now, and perhaps others later, are to pay.

The Washington Past.

### America Turns Its Back on a Bold Kurdish Gamble

N EW YORK — The chance was lying there for weeks — the opportunity for the Umied States to make a gesture in support of a people

it had betrayed. It was a chance important politically, and important morally, and cost-free. No announcement bas been made yet, but the United States

has taken its decision. It has refused. The opportunity was for the United States to do what other countries are doing — send observers to wit-ness as the Kurdish people carry ont an astonishing political gamble. On Sunday about one million

Kurds are expected to vote, choosing a legislative assembly. Never before has there been an election like it - by a persecuted people, in the midst of a war for their survival, in the face of the enemy, within range of his guns, The Kurds are a Muslim, non-Arab

people scattered through Iraq, Turkey, Iran, Syria and some of the southern republics of the former Soviet Union. Now and then one Western or Middle Eastern nation or another decides the Kurds might be useful as pawns in one war or another.

WASHINGTON — Early on, President George Bush

blamed the welfare system for the Los Angeles riots, and his logic was

impeccable. Historically, popula-tions that lost their traditional eco-

nomic roles — peasants without lands, nomads without pastures,

bunters without prey - were soon

In Los Angeles, bowever, as elso-

where, public assistance prevents

starvation, keeping alive the un-

skilled in the underclass who have been losing traditional jobs as labor-

ers, janitors, maids, waiters, garden-

ers and so on. Such low-wage jobs,

despite small prospects of advance-

ment, offered an economic toehold.

Racism may be America's most persistent disease, and the Rodney

King verdict provided the occasion

for rioting, but what happened in

Los Angeles can be better explained

as the outcome of a purely economic

phenomenon — the loss of tradi-

tional underclass jobs to more edu-

Squeezed between the two, the un-

cated workers and immigrants.

killed off by famine.

By A. M. Rosenthal

By Edward N. Luttwak

feated, the United States allowed him

to keep and use the helicopters, artil-

lery and divisions he needed to try to

destroy the Kurds altogether. He

failed that time, but the sight of Kurds dying in the mountain passes shocked the world, for a while.

Iraci areas where they seek self-gov-

ernment -antonomy, not statehood.

According to American sources, Sad-

dam has been told that still another

full-scale attack against the Kurds will bring U.S. reprisals. He does not

seem terrified. The same sources also

say that he has doubled the size of his

Anyway, the Kurds will hold an

election in the midst of ongoing war,

day-to-day danger and deprivation.

derclass has been losing its few breadwinners. Thus, it is not the

riots that are surprising but rather the semblance of tranquility in most

Why many employers prefer to

hire immigrants is no mystery. Even if they know no English, they are mostly free of an underclass stigma,

whether urban black or rural white.

Some have useful skills, and almost

all are deferential, an attitude that

is more attractive to employers than

the resentment many underclass

The only mystery is why leaders

who claim to speak for the black

underclass are so silent. But even that is not much of a mystery.

political ambitions induce black

leaders to betray the uppermost in-

terests of their poorest followers in

order to coalesce with Hispanic groups that oppose all serious effort

The poaching of traditional un-

From Jesse Jackson down, wider

places, most of the time.

job-seekers show.

forces ranged against the Kurds.

The Kurds now hold part of the

During the Gulf War, President The Kurds say that Saddam's block-George Bush mused aloud about ade means that they get only about 25 wishing the Iraqi people would rid him of Saddam Hussein. The Kurds, percent of the food and supplies available to other Iraqis.

The Knrds thought the United States might like to witness such an trusting America, rose against the man who had murdered during all the years of his reign. So, after Saddam was militarily deelection. They asked Washington to

send observers, as it has for elections in Nicaragua, Bangladesh, Albania, Namibia, Chile and other places. The State Department said no. Why, Saddam Hussein might say Americans were involved in the election. And one fellow on the Iraqi desk actually trotted out the "Arab

streets" again and how they might rise if America dared send observers. Then the Department began warning off congressional aides and other Americans who planned to go privately. They were told it would be dangerous. Americans were also warned they could be prosecuted under an executive order barring commerce with Iraq. That neatly lumps Saddam and

derclass jobs from above is signifi-cant for its wider implications. In

Washington, even waiters and wait-

resses tend to be white high school

graduates, often with some college

education, and all over the United

States permanently laid off industri-al workers have taken such tradi-

tional underclass jobs as janitors

Short-term effects of the recession

aside, it is the reduction in trade

barriers, the falling transport costs and the global diffusion of technol-

ogy that have brought all this about.

the average bourly earnings of all

non-farm, nonsupervisory employ-ees were \$8.03 in 1970, \$7.78 in 1980

flight attendants, entry-level wages are now lower than a decade ago, without allowing for inflation. Of

course, it is the less skilled who have

increasingly been deprived of bet-ter-paid industrial jobs. The much

asured in constant 1982 dollars,

Moreover, from rubber workers to

and warehousemen.

and \$7.53 in 1990.

his victims together as the enemy, which must tickle him. Representative Lee Hamilton of

Indiana tried to get the State Department to allow private Americans to go. Back came a letter hum Assissant Secretary of State Janet G. Mullins saying that if the Kurds wanted observers, let them go ask any of the "growing number of democracies around the world." She wrote it, unembarrassed. I have the letter and will cherish it. One administration official said

observers had been vetoed because Turkey, which has problems with Turkish Kurds, would be upset. Apparently he did not have the late news: Turkey will send observers, A few Americans who were warned

off are going anyway — among them Mike O'Callaghan, the former gover-nor of Nevada, an amputee of the Korean War, but the U.S. govern-ment will be studiously absent. For the Kurds, official witness would have meant that the Bush ad-

ministration was not only acknowledging their willingness to gamble on democracy but giving them respect and dignity. Those things seem to have value to those fractious Kurds. The New York Times.

omy could have had quite different

results if more and more capital had been invested to provide American.

workers with superior equipment and if public education and indus-

trial training had been constantly

upgraded to preserve their skill ad-

Because none of this has been

done - as a result of deliberate

political choices — growing numbers of less skilled Americans

have been impoverished, their pro-pensity to seek underclass jobs has increased and lifetime unemploy-

ment has become more common

damentally a symptom of national economic failure. Only if the work-

ing class stops pressing the under-class down can those on the bottom

have any loope of rising.
In light of such fundamentals, it is frivolous to place primary blame on

the country's welfare system or the

Mr. Luttwak, of the Center for Stra-tegic and International Studies, is writ-

ing a new book, "The Third-Worldiza-tion of America." He contributed this

comment to The New York Times.

among the underclass.

Underclass Blues: No End to the Downward Squeeze celebrated globalization of the econ-

matters worse. United Germany remains two Germanys. For 40 years, the West went democratic. Meantime, tens of thousands of East Germany's political elite continued Nazilike ways as Communists

Even now they occupy the choicest apartments in East Berlin and East Germany and hang like a dark cloud over their countrymen. These nasties are justly hounded by former dissidents idealists who also harangue Western Germans with unwanted

cries of justice and equality. And the West Germans are paying the hage equalization bill—by bor-rowing and going very deeply and dangerously into debt. Chancellor Helmut Kohl has only recently begun Racism, police practices and gangs were all significant in Los An-geles, but the rioting was more funto acknowledge that he underestimated the costs. But neither he nor other

> ing their voters with hard choices with the same deer-like againty found now in almost every Western democracy. "We have no federal or state elections for 12 months, so there is a slight possibility of doing something in this time," explained Otto Lambdorff, the brash and formidable leader of the Erre Democratic Party. "But er of the Free Democratic Party. "But then we have 19 elections in one year, and nothing will be accomplished." A

tions and democracy.

Leaders fear voters' greed and ignorance; and voters are losing confidence in their leaders' ability to govcrn. This is the real danger in Germany and elsewhere. Thus de-

# For Vietnam, Hopes of Dragonhood

#### Other Comment A Surprise for Israel

The announcement Tuesday that the United States supports the Palestinian Arabs' "right of return," as stipulated in a UN General Assembly resolution of 44 years ago, is perhaps the most shocking of the many surprises the Bush administration has sprung on Israel It is inconceivable that the U.S. administration is unaware of the implica-

call for the destruction of Israel. The purpose of the demand for "return" is to accomplish the goal of the Palestinian Covenant, the dismantling of Israel, without a frontal war. Demanding the "right of return" is incompatible with peace. The Bush administration must know this too.

tions of this "right." To support it today is to

- The Jerusalem Post.

**Investing in the Cities** 

If lenders had taken just a fraction of the millions they squandered on bad loans to real estate speculators and leveraged buyouts in the 1980s and had invested the money instead in urban America, cities might be better off today.

Lack of access to credit has been a major obstacle to minority and low-income communities. A recent study of home mortgages showed that black and Latino applicants were denied loans twice as often as whites with similar incomes. Asians fared a little better than blacks and Latinos. Banking authorities must provide explic-

it, non-hedged guidelines to banks: a clear, positive signal to reinvest in cities.

- Los Angeles Times.

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Pres. U.

By Clare Hollingworth

HOCHI MINH CITY - Vietrelations with the pro-American Association of South East Asian Nations and working hard in commerce and industry in hopes of be-coming the fifth "Little Dragon."

Singapore, Hong Kong Taiwan and South Korea have, since the late 1970s, been dubbed the Four Little Dragons as a result of ontstanding economic performance. The General Agreement on Tariffs and Trade lists the four as having achieved the highest growth in twoway trade last year. Vietnam's recent success, despite

the U.S. trade embargo, has been made possible by the introduction of "market socialism," according to former Prime Minister Nguyen Xuan Oanh, once a professor at Harvard. He describes this as a new form of management that has successfully blended "a command economy with a free market structure."

He stresses the importance of government moves toward freedom of expression and - albeit with reluctance - to democracy as the Communist Party disintegrales. All this is apparent in the local English-language press and the freedom now given to foreign corre-

spondents and businesspeople to travel and talk freely with officials. As the former minister put it: Today the tail — Saigon — now wags the dog - Hanoi - exactly 17 years after unity between the North and the South was achieved."

There are, naturally, some snags to Vietnam's becoming the fifth Lit-tle Dragon. There are no taxis in the two big Vietnamese cities. Business-men can, with luck, hire a car for the day, otherwise they must fall back on the cyclo, a hard chair in front of a bicycle. Roads are bumpy, and like all the infrastructure in both North and South — especially power plants, and phone and mail services urgently in need of renewal.

But resident foreigners are nonetheless impressed by the work ethic of the Vietnamese and their desire to learn. Shops and stalls are packed with books on English. And despite a high unemployment rate and the fact that the average income of the 65 million Vietnamese is only \$200 a year, sales of those books have increased dramatically since the former Soviet Union ceased providing billions of dollars

in aid and trade a year ago. Inflation, which was running from 600 percent to 700 percent, has been brought under control. Still, the U.S. dollar remains the currency in circulation and almost all prices, even on market stalls, are still quoted in dollars. Law and order in the crowded streets of Ho Chi Minh City has improved, but officials admit that correption still pervades the business world.

The major international petro-leum companies are confident of

striking oil in new offshore fields. Cam Ranh Bay, the former Sovietrun naval and air base built by the Americans during the war, will be transformed into a major commer-

cial port to serve the oil industry. Hundreds of joint ventures with foreign companies are being signed in the service industries and in the development of coal and iron ore resources. The Australians and the Japanese are active in both spheres. As a result of the efforts of the delegation led by Senator John Ker-

ry, a Democrat of Massachusetts and Vietnam War veteran, Hanoi has provided more facilities to the U.S. experts now searching for missing American servicemen. They have been allowed to visit prisons and have all the cells unlocked, as well as to look over remote villages where sightings" of MIAs were reported. In private, however, many of the American experts share the Victnamese view that no living Ameri-cans, and few remains, will be found.

Although Washington has authorized some improvements in the sphere of communications and nonprofit-making activities, the Vietnamese say it is regrettable that the U.S. response is "still limited." It seems unlikely that the trade embargo will be lifted until next year.

Still, when Lee Knan Yew, former prime minister of Singapore, proclaimed recently in Hanoi that Vietnam will leapirog to prosperity." few were heard to disagree. International Herald Tribune.

Editor" and contain the writer's signature, name and full address. Letters

Letters intended for publication should be addressed "Letters to the should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Venezuela Uneasy NEW YORK - Popular excitement

is steadily increasing in Caracas as news of General Crespo's victories arrives. A hundred citizens have been arrested by President Palacio's forces without warning, upon suspicion of having aided General Crespo, who also captured the city of Bolivar, on the Orinoco. Fresh revolts are reported in the Western States of Venezuela, while rebel gains in the Southern districts are rapidly increasing through descrion from President Paiacio's forces. General Crespo obtained control of the Orinoco River and Caracas is consequently bracing itself for further advances.

1917: Votes for Women

LONDON - Mr. Walter Long. Colonial Secretary, introduced the Representation of the People Bill into the House of Commons this afternoon [May 16]. The main principles of the bill comprise votes for women above

the age of thirty years. The government will leave to the discretion of Parliament the questions relative to votes for women and proportional representation. Such a bill marks the first time women are to get votes, along with sailors and soldiers.

1942: A Bold Attack

NEW ORLEANS—[From our New York edition:] One of the boldest attacks yet made by Axis submarms along the United States and Gulf Coasts occurred today [May 15] when a German U-boat fired three toppe does in rapid succession and dostroyed a large cargo vessel near the mouth of the Mississippi River. Most of the crew never reached the water, and only seven bodies were recovered. The ship was the fifth attacked in the Gulf of Mexico in less than a week, and the fourth lost Twenty seven of the forty-one cres member were killed. The explosion was one of the worst marine tragedies in the his tory of the Gulf of Mexico.

Bosnia F

BERLIN — Bill Clinton will not be happy to hear what German political and business leaders any political and business leaders sty about him. Nor will George Bush be thrilled by their opinion of him.

German thinking on these two men is almost a non sequiting. We still very much need American leadership presence and strength. We are worried about America sinking economically and training inward. We do not think Mr. Bush will do anything to think Mr. Bush will do anything to thin this situation around. But we are against Mr. Clinton.

are against Mr. Clinton. Yes, Germans prefer the familiadevil. They are also profoundly grateful for President Bush's support on reunification.

The Devils

They Know,

And Others

By Leslie H. Gelb

But Mr. Clinton comes to the Germans with two big strikes against him.
First, they fear he will bring the Carter
foreign policy team back to Washington. Jimmy Carter's international record may look better in retrospect to Americans, but most European and Asian leaders still see his tenure as the dark ages of American nativete. Second, they see Democrats as protectionists. To Germans, mistakenty, full Cinton equals Representative Richard Gephardt, the symbol of Democratic get-tough trade policies.

The only thing even well-informed Germans know — and like — about

the Arkansas governor's world view is his aid program for the former Soviet Union. As for Ross Perot, they regard him as a King Kong cartoon, a peculiarly American figure who m-

spires terror or amusement.
As much as Germans fret about America, they worry far more about themselves. Germany has rarely man-aged internal turmoil as well as its Western neighbors, and it is going through a particularly difficult patch at the moment with labor strikes.

For centuries, the kommus longht to keep the German barbarians at bay. Now the "barbarians" are struggling to fend off latter-day. "Ro-mans" from Eastern and Southern Europe who they feel will plunder their homeland. Political leaders inclfectually try to navigate between the public's sense of guilt and anger about these foreigners. Meanwhile the situation ripens for those on the far right who simply want to

throw the aliens out. As explosive, and far more complicated, is the absorption of 17 million East Germans, Bonn has undertaken the largest welfare program in history. The commitment is to bring Easterners to economic parity in a decade. Its American equivalent would be lifting the bottom 20 percent of society to

leiner.

Briton.

middle class status by the year 2000.

The enterprise will be heartening, and ugly. Karola von Braun, a Berlin political leader and niece of the rocket scientist, tells this story of exploitation. Businesses are firing blue-collar West Berliners and biring East Berliners at about half the salary. New jobs at lower wages are also going eastward. No one feels good about

this; neither Easterners working for less than their counterparts, nor Westerners losing jobs. The culture clash makes economic

politicians have the stomach to raise taxes or to cut spending.

German politicisms fice from fac-

melancholy observation about elec-

mocracy doth make cowards of us all. The New York Times.

# **UN Votes** To Keep Trying

Council Perseveres On Bosnia Peace

> By Paul Lewis New York Times Service

UNITED NATIONS, New York - The Security Council adopted a resolution on Friday urging Secretary-General Butros Butros Ghali to continue peace efforts in the former Yugoslav republic of Bosnia-Herzegovina despite his refusal to send peacekeeping forces there earlier this week.

The resolution, adopted unanimously by the 15-member Council, also implicitly rejected the secre-tary-general's warning that the United Nations might be forced to withdraw from the region altogether. It did so by reaffirming support for the 14,000-strong force it has sent to keep the peace in Croatia and Slovenia as well as for the European Community's mediation ef-

The resolution demanded an end to the fighting in Bosnia-Herzegovina and an end to all outside interference by the Serbian-dominated Yngoslav Army and Croatian forces. It said disbanded federal troops must be disarmed and their weapons placed under international control.

The resolution's restatement of the Security Council's intention to remain involved in the Balkan crisis contrasted markedly with the pessimistic report that Mr. Butros Ghali issued Wednesday, in which be warned that the United Nations might be forced to withdraw from the area altogether.

■ Uneasy Calm in Sarajevo The worst fighting so far in Sarajevo, the Bosnian capital, gave way on Friday to an uneasy calm, wire

services reported. People sat at street cafés sipping coffee in the city center, but they made sure their tables were in sheltered spots because of the danger of sporadic shelling.

UN officials announced that the warring Serbs, Muslims and Croats had agreed to a new cease-fire. If the truce holds, they will meet on Saturday for more political talks. (AP, Reuters)



fraud and other anomalies have

been reported from a oumber of

areas, almost all have been linked to local politics, rather than the

Mrs. Santiago said her charge of

"wholesale" fraud aimed at deny-ing her victory was based on "logic

and reason," but she offered no

Both the government and the

Ramos campaign headquarters harshly rebuked Mrs. Santiago.

calling her charges "premature

presidential race.

evidence or specifics.

and "incendiary."

Traders on the floor of the Manila stock exchange watching on Friday as a postelection run-up slowed. The Composite Index still inched up by 1.02 points, to a record high of 1,338.37 for the year.

# Ramos Leads in Philippines

Santiago, Claiming Fraud, Vows to Hold Mass Protests

By William Branigin

Washington Post Service
MANILA — Former Defense
Secretary Fidel V. Ramos took a narrow lead Friday in the slow counting of votes in Monday's presidential election as his chief rival, Miriam D. Santiago, denounced "wholesale electoral fraud" and said she would lead mass demonstrations to avert the "attempted rape" of Philippine de-

General Ramos, 64, whose can-didacy was endorsed by President Corazon C. Aquino, edged ahead in the field of seven contenders, gaining 24.5 percent of the votes for president tabulated so far by Media Citizens Quick Count, a private organization accredited by the official Commission on Elections.

With 12 percent of precincts reporting. Mrs. Santiago. a former judge, immigration commissioner and agrarian reform secretary, dropped into second place with 23.4 percent after having led in early returns since Monday.

Eduardo Cojuangco, a wealthy entrepreneur closely associated with former President Ferdinand E. Marcos, followed with 16.3 per-

Irnelda R. Marcos, the widow of strongholds in urban areas and a few other regions, and for saying that be would overtake her when the late president, became the third candidate to concede defeat. But the rural vote came in. she asserted that she had been While scattered cases of electoral

Earlier, the speaker of the House of Representatives, Ramon Mitra, in fourth place with 12 percent, and Vice President Salvador H. Laurel, running last with 1.9 percent, ac-knowledged that they had been defeated. A former Senate president, Jovito Salonga, was in fifth place with 11.5 percent.

Mrs. Santiago, 46, an anti-cor-ruption crusader, said at a press conference that she would \*personally lead a series of mass demonstrations" to thwart what she called "a deliberate, well-orchestrated nationwide scenario to cheat the Filipino people of the rightful results of our elections.

She said the rallies would be held in "key cities" throughout the ar-chipelago, starting Saturday in her hometown of Iloilo in the central Philippines.

Mrs. Santiago sharply condemned General Ramos for spreading what she called "the absolute lie" that her early lead was based largely on returns from her

# Western Defense: A U.K. Counterattack

tions.

By Joseph Fitchett International Herald Tribune

PARIS - Debate about the future shape of Western military defense and the role of NATO has taken a new twist with Britain's call for a stronger Western European

The British proposal is intended as a challenge to plans by Germany and France to set up a "Eurocorps of 35,000 troops that could grow into a European army, with only marginal involvement in the Western alliance.

In calling for all new European forces to be put under the control of the Western European Umon, which groups nine European members of the North Atlantic Treaty Organization, Britain hopes to corral the proposed new force in a hroader framework.

Failing that, the British initiative will highlight the dangers of a new force emerging in competition with NATO - a risk that might make other allied governments hesitate to join the force.

"One-upmanship — nice hut too late in the game," a NATO official said Friday about the British move. The United States and most other allies worry that the French-German unit, with its own command, will undermine cooperation within NATO and weaken overall Western military cohesion. The French-German corps will

be unveiled by Chancellor Helmut Kohl and President François Mitterrand next week.

Britain's last-minnte bid by Malcolm Rifkind, who became defense secretary after the Conservative election victory last month, clearly rejected the standing invitation to other Europeans to join the

phibious force and other new multilateral European forces - should

French-German corps. Instead, he said, that unit - along with the British-Dutch am-

be "double-hatted," operating both under NATO orders and in a Western European Union framework. For Britain, this approach marks a retreat from earlier insistence that

should be subordinated to NATO more military substance to the - in contrast to French wishes of seeing the union handle defense for

the European Community.

The British view, with support from Washington, prevailed late last year at the NATO summit

#### **NEWS ANALYSIS**

meeting in Rome and at the Maastricht summit meeting of EC lead-ers. Both sessions promoted the Western European Union as a

loose focus for greater European cooperation within the alliance. Now the French-German move has forced London to tilt more toward the idea of a defense role for the Community. London still opposes creating a standing force for the Western European Union that might compete with NATO's com-

mand structure.
But Mr. Rifkind said that Euro-

the Western European Union pean governments should give not move in any way closer to NA-Western European Union so it could mount operations in situations where NATO was not involved. These might include peace-

keeping in Eastern Europe or interventions in Third World na-He added that European forces in NATO's rapid-reaction corps

might operate under Western European Union command in crises perhaps requiring humanitarian assistance - where U.S. forces were not needed The British initiative is unlikely to alter policy in Paris or Bonn, where officials maintain that a

NATO and the Western European But officials in Paris also insist that French troops, even when co-operating with German forces, will

French-German force will comple-

ment —and not undermine —both

TO's military system.

Officials also make no secret of the fact that Mr. Mitterrand still resents NATO's decision last year to set up the rapid-reaction corps.
This unit, led and largely manned by British forces, was announced at a moment when Mr. Mitterrand was weighing wider French participation in the alliance.

Mr. Mitterrand has been able to muster German support for stronger French-German military cooperation, partly because objections to Britain's domination of the rapid-reaction force have grown in re-cent months in the German military establishment.

Although German forces cannot be sent into combat outside the NATO area, the increasingly prosional army will still be the preponderant allied ground force in Europe and would like a military role worthy of its size.

#### THATCHER: Warning of a 'Moral Catastrophe'

#### (Continued from page 1)

nomically, but has since turned into a protectionist boondoggle and "an expensive headache" that threatened to derail the Uruguay Round of world trade talks and damage developing countries and Eastern Europe, she said.

Mrs. Thatcher was careful to pay tribute to her successor. Prime Minister John Major, and avoid any direct conflict with British pol-

The Maastricht treaty comes up for approval in the House of Com-mons next week. The government is expecting an easy victory, partly because Mr. Major and Foreign Secretary Douglas Hurd negotiated several "opt-out" clauses for Brit-ain and because Mrs. Thatcher and some her most staunchly anri-European colleagues retired from the House of Commons before last month's election.

■ Major Holds to Course

Craig R. Whitney of The New York Times reported from London: Mr. Major on Friday played down the withering blast by his predecessor against the growing power of Brussels and Bonn.

The prime minister, who will begin a six-month term in the EC presidency in July, did not respond directly to Mrs. Thatcher's speech. But Mr. Major has been steadily marking off a course that diverges

from Mrs. Thatcher's on Europe just as sharply as on such domestic policy issues as her "poll text" for local government services, which Mr. Major scrapped soon after he succeeded her.

Having won a new five-year term mons on Tuesday, in general elections last month, Mr. grabs" in Europe. Major believes that Mrs. Thatcher has had her say, according to the prime minister's aides.

The prime minister wants us to be at the heart of Europe," one aide day-to-day, power has been ebbing at No. 10 Downing Street said. The away from the place for years."

most powerful symbol of this was the government's decision to allow Queen Elizabeth II to address the European Parliament in Strasbourg, France, on Tuesday — a journey Mrs. Thatcher never allowed her to make.

But the queen's speech, ap-proved as a policy document by Mr. Major's government, was far more conciliatory in tone than Mrs. Thatcher's remarks. "We are all trying to preserve the rich diversity of European countries because, if that diversity is suppressed, we shall weaken Europe, not strengthen it," she said.

The sovereignty of Parliament, Mr. Major told the House of Commons on Tuesday, was "not up for

But, as The Économist magazine noted Friday, "In extreme circum-stances the Commons, unlike the Queen, still has it. But real, usable,

### CRISIS: Bosnia Drives Home Failure of World Order

(Continued from page 1)

Russian Republic, "In Yugoslavia, we have 12,000 dead people as mar-tyrs for the next generation," said Daniel N. Nelson, professor of Russian studies at Georgetown University and former foreign policy adviser to Representative Richard A. Gephardt, Democrat of Missouri, "We can't afford more monuments and more martyrs all

the way to Tajikistan." In Congress, there is virtually no

demand for action. No one really has any good ideas," a congressional aide said, explaining why hearings are not being held on Yugoslavia. The administration has done everything the Senate suggested: warnings, sanctions, the recall of the amhas-

"Many people and organizations hoped to get involved and settle things promptly," said Mark Kra-mer, a fellow at the Harvard University Russian Research Center. "What they found was all their best efforts were for naught. It is a classic case of conflict between ethnic groups whose main desire is to kill one another. It is not amenable to

ontside mediation "A military solution would have required substantial commitment and the willingness to endure casu-alnes," said Mr. Kramer, who is also a research fellow at Brown University's Center for Foreign Policy Development. "People aren't willing to pay that price."

Grim parallels are drawn by decision to send Marines into Leb-anon in the early 1980s. In October 1983, 241 Americans died when making rational calculations," she their barracks was blown up by a said. car bomb.

political will for peace.

"Peacekeeping must be based on the agreement of all parties," he

Officials, diplomats, and analysts say that, in retrospect, it should have been clear about a year ago that Yugoslavia was on the

dge of crisis.
Since the death of Tito in 1980, long-suppressed ethnic tensions had begun to resurface. When in the late 1980s, the Soviet Union under Mikhail S. Gorbachev indicated that it would no longer interfere in Eastern Europe, the constraints on nationalism were largely

In June 1991, the republics of Slovenia and Croatia declared independence under non-Communist

governments.

Jenonne Walker, a senior associate at the Carnegie Endowment for International Peace, said that "hy July 2 last year, after the referenda in Slovenia and Croatia and the Serh tanks were leaving their barracks, it may have been too late

to prevent the violence." By the time, later in the year, that

Bush administration officials to the the outside world was willing to do

Secretary of State James A. Bak-In a speech in Washington on er 3d has been widely criticized for Wednesday, the UN secretary-gen-eral, Butros Butros Ghali, said that fore Slovenia and Croana declared the United Nations could not oper- independence, that the breakup of ate in a place where there was no the Yugoslav nation would be a tragedy for all the republics.

Miss Walker said that his assess ment was "absolutely right," but she added that it was a tactical mistake to cling too long after to hopes of salvaging the country. Europe and the United States

delayed recognition of the new republics for months, until prodded early this year by a German decision to do so. The leader of Serbia, Slobodan Milosevic, took advantage of this hesitation to strengthen his politi-

cal position by unleashing Serbian nationalism, said Kenneth M. Jensen of the U.S. Institute of Peace, a federally funded research organiza-Mr. Milosevic then negotiated disingenuously, Mr. Jensen said, including with Cyrus R. Vance, a

special envoy of the UN secretary-

"When it became apparent there was not going to be a Balkan version of Desert Storm or for that matter some form of European armed intervention, then there was no reason to take Vance or any mediator seriously in Belgrade."

Mr. Jensen said. The tragedy of Yugoslavia revealed gaps in the repertory of Eu-ropean security organizations, said Finland's prime minister. Esko Aho, who met on Wednesday with President George Bush and Secretary of Defense Dick Cheney. Finland is the home of the Conference on Security and Cooperation in Europe, which was designed to safeguard democratic principles and

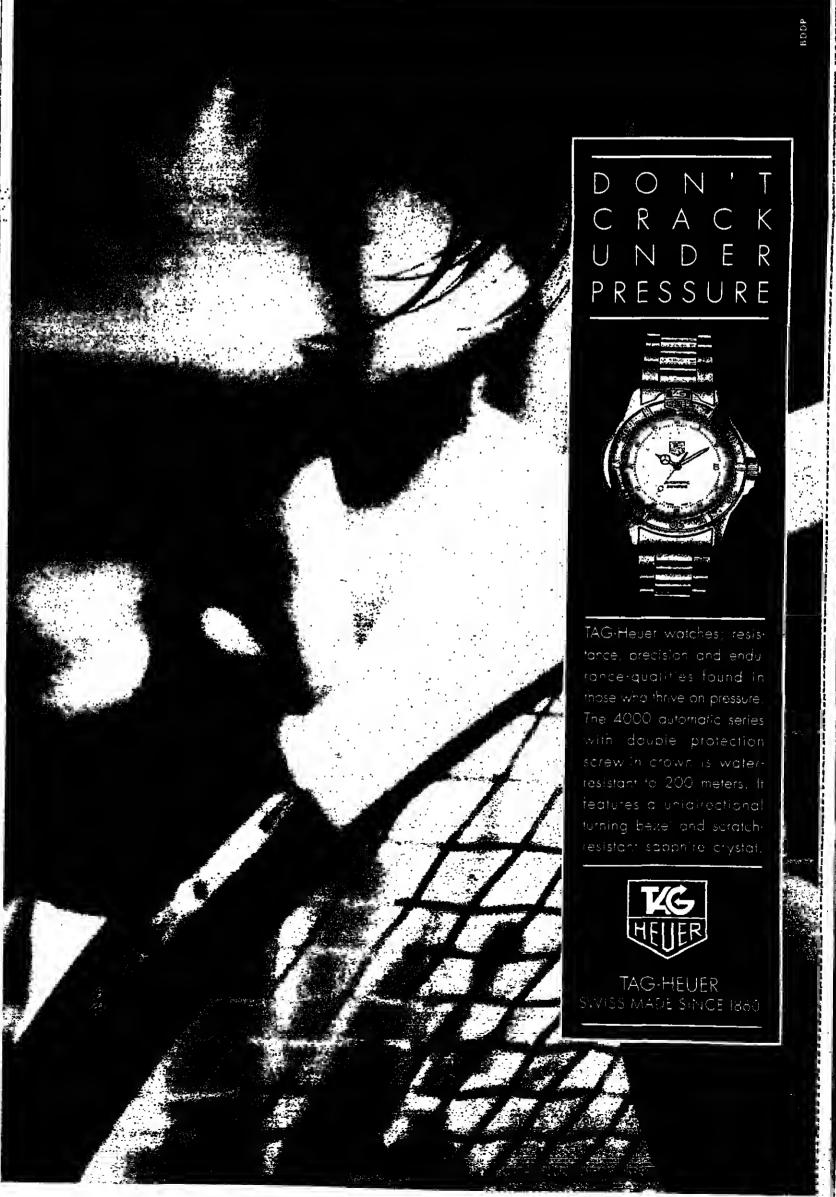
human rights. "This experience of Yugoslavia will lead to a situation within the CSCE where conflict measures will have in be developed," the prime minister said in an interview. "The pressure in develop these measures will be urgent."

Britain and the United States have opposed moves to strengthen the conference. They have also shrunk from discussion of finding a role for NATO in future crises like that in Yugoslavia or Nagorao-Karabakh.

"Eastern Europe is a major historical challenge from which we are AWOL," said Miss Walker of the Carnegie Endowment

#### Germany Frees Terrorist

KARLSRUHE, Germany - A



#### Britons View the Royal Family As Overpaid and Out of Touch

LONDON — Britain's royal family is overpaid and out of touch, according to a survey here. Many Britons said they believed that the royal family's role should be reviewed by Parliament.

Newspapers on Friday said a Gailup Poll for the BBC showed that the popularity of the royal family, which has been damaged by broken marriages, had reached a record low. Most people believed that too many members of the royal family got state money and that even Queen Elizabeth II was paid 100 much, the poll showed. Among those polled, 62 percent said the divorce of Princess Anne.

the Queen's only daughter, and the separation of her second son, the Duke of York, from his wife, had been damaging.
Slightly more than half of the Britons polled — 51 percent — did not think the royal family provided a good example of family life.

#### AID: Tokyo to Help Eastern Europe

(Continued from page 1) major industrialized nations to pressure the Soviet Union to return

the "northern islands." The islands were seized by the Soviets in the last days of World War II, and arguments over their ownership have prevented the sign-

ing of a formal peace treaty.

Mr. Quayle reiterated U.S. support for Japan's claims, but neither endorsed nor criticized Japan's tactic of withholding bilateral aid, saying it was "an internal Japanese

decision. "I certainly detected a lack of enthusiasm to give assistance to Russia until the northern islands issue is resolved." Mr. Quayle said. But he said that Boris N. Yeltsin. the Russian president, "appears

not in a position in move," on the matter, "Maybe that will change," Mr. Yeltsin is scheduled to visit Tokyo in the fall.

The osiensible purpose for Mr. Quavie's trip was to commemorate the 20th anniversary of Okinawa's reversion to Japan, after it was seized in one of the last and bloodiest hattles of World War II, Japan used the anniversary as a chance to realfirm the security relationship between the two countries.

Mr. Quayle, who is well-liked here and has visited Japan more than any other senior official of the administration save for trade negotiators, picked up on the theme. scarcely mentioning cars, closed markets or any of the other themes that dominated Mr. Bush's visit.

court here ordered the release Friday of a Red Army Faction guerrilla who served 15 years of a life sentence, the federal prosecutor's office said. Gunter Sonnenberg. convicted of attempted murder for shooting two police officers in 1977, will be released on five-year

# Emma Thompson: Forster Lives

By Joan Dupont

some Margarei Schlegel of James Ivory's "Howards End," a woman with a mind of her own, trussed in Edwardian finery; she is tomboyish Emma Thompson, doing some of her sland-up comedian routine, a hreath of fresh air at this festival.

"Howards End," adapted from

E.M. Forster's novel, is her first solo flight since her marriage to the ac-tor-director Kenneth Branagh. A popular theatrical team, they are treated practically like royalty these days, which amuses Thompson "Comparing us to Olivier and Leigh is flattering, but faintly ridiculous because Ken is this kind of plumber figure, and I'm a son of hulking

hluestocking."

She has the bewitching face of a wise child, scrubbed plain, a long body that looks as if it has done a lot of running. She bounded up the stairs to the film's gala, stylish hur careless, wearing not so much as a lick of makeup or a glimmer of jewelry. She sat at the press conference, along with grande dame Vanessa Redgrave and bohemian aristocrat Helena Bonham Carter. her co-stars, peering over her spec-

tacles, partying questions.
No, she doesn't think Forster is out of date, "Howards End" is as timeless as anything by Chaucer or Jane Ausien, a great story of people trying to connect. To the inevitable, "What's different about acting under James Ivory from being directed by your husband?" she replied. The difference is that I don't have to cook James supper every night." adding, some voce, "and James doesn't have to go to bed with me."

CTUALLY marriage is very much her subject. Gei her alone, or as alone as one can be in Cannes, and she revolves around those themes — the solitude of the modern independent woman, the -need to merge worlds that was behind Margaret Schlegel's impulse to marry the conventional Mr. Wilcox. "It's wonderful that this wom--an has fallen in love with somebody who is apparently unsuitable you just can't understand it."

There's a muted sexuality in Forster - the film more than the book, because Mr. Wilcox in the book wasn't very sexy and Tony Hopkins is, of course, I find that proposal scene with his standing above her on the stairs like a hird of

She wanted to play Margaret so badly, she wrote to Ivory and writer specializing in the arts.

begged. "I've never done that; I try not to want things too badly. Mar-garet represents all those extraordinarily intelligent thinking women who were thinking and articulating at a time when it was not considered a female thing to do."

Thompson, raised hy actor parents, started out as a monologuist, "It's the hardest thing to do be-cause if people don't laugh, if they don't like you, there's nobody else

Serious and "rather earnest" as a child, she says she grew up feeling like an outsider. "I was just not accepted by cliques, those groups of people who seemed to have a great time." she laughs. "I lived alone until I was 30, until I was

the men who made up Monty Py-thon — Thompson was graduated from Cambridge where she read English literature, and wrote, produced and acted in the university's first all-woman revue.

T WAS "Fortunes of War." a BBC senes set in Romania during World War II, that changed the course of her career. She and Branagh met on the film; since, she has played opposite him in John Osborne's "Look Back in Anger," and under his direction in "King Lear" and "A Midsummer Night's Dream." On film, he directed and played opposite her in "Henry V" and "Dead Again."

Working with Ken is fun; I know him so well and he knows me so well that it's easy for him; he knows that his leading actress is not going to give him trouble or ask for reassurance, hecause I don't need

The couple made their last film, "Dead Again," in Hollywood, "We enjoyed it immensely — drinking Evian, reading the trades - hut I don't think that there's so much excellent material. I read the script for Basic Instinct and I know ! couldn't do that, not because I'm a prude, hut I wonder what the point

"I'm fascinated by the trend of violence towards women in the movies: We're shown as these evil creatures of the devil who do strange and peculiar things to men; sometimes we're mutilated." She gives a mock shudder. "I think -because things swing back and forth — that all this violence will result in a return to movies that are fascinating complex human stories, like 'Howards End.'

PHILIP MORRIS



Emma Thompson, left, and Vanessa Redgrave in James Ivory's "Howards End."

# Somber Films by New Directors

awards, everybody has an eye out trying to pick the winner. The jury's tendency in recent years has been to shim the grand opus in favor of lighter fare by young directors like "Cinema Para-diso." "Father Is Away on a Business Trip," and for the last three years, off-beat American comedies. Of course, all filmmakers are young and wild at heart - even if they start out at 56. like Vitali Kanevsky, or make opera out of their childhood, like Terence Davies, or seem to be Moses parting the waters. like Robert Altman, who is trailed everywhere he goes since "The Play-

er" got a standing ovation. New to the competition, Hal Hartley, Alison Maclean and Arnaud Desplechin are young directors who treat somber themes, often with somber humor.

Hartley's "Simple Men" takes on patricide. as did his previous Trust." The action is set in Lindenhurst. Long Island, because, Hartley says, "It's a long thin island like a corridor, without a door at the end." Two hrothers, Bill, a suave gentleman computer thief (Robert Burke), and shy Dennis (William Sage) are on the lara, looking for their radical outlaw father. The hrothers land in a country inn. run hy Kate (Karen Sillas), who has a sole guest, epileptic Elina (Elina Lowensohn). Kate is expecting her man back from jail; Elina turns out to be the father's mistress. There are wonderful bit parts -

a gas station attendant who insists on speaking fractured French, a ursuing policeman obsessed with Joan Dupont is a Parts-based his own domestic crisis. The director shoots his characters close up,

> THE UNIVERSAL TASTE OF LIGHTNESS.

ANNES —On the eve of from the hip, but he gives them a thias (Emmanuel Salinger), an in-the Cannes film festival lot of leeway and they love, dance term in forensic medicine, arrives in and talk, a lot. "Simple Men" is deceptively simple. It's really a delicate tissue woven out of the dangerous confrontations that fathers and sons, men and women get into.

Maclean's "Crush" is a New Zealand film, a first feature, produced by Bridget Ikin. Since Ikin was the producer of Jane Campi-on's "An Angel at My Table," a hrilliant study of a country family, there has been a special aura over New Zealand ventures, "Crush" is set in a hot-springs landscape where geysers spout and passions boil over — "a landscape with too few lovers," as one of the characters describes it. Maclean has made a sexual-identity melodrama.

ANE (Marcia Gay Harden) is a pale and worldweary femme fatale who victimizes women as well as men. The movie starts with a car crash - Lane is driving; her friend Constance (Donogh Roes) is the one who ends up in the hospital, catatonic. Lane doesn't bother to visi her. She has better things to do she moves in on a father (William Zappa) and daughter (Caitlin Boss ley), exerting her potent seduction on both. The young daughter learns that she, too, can play games and manipulate people. This cleverly contrived movie touches on the anguish of an adolescent, but too many triangles - and perhaps too many influences — are in the works.

Desplechin's "La Vie des Morts" was a long short, shown at the critics' week; "La Sentinelle" is a 2 hour, 20 minute feature, an ambitious metaphysical thriller about the restless ghosts of the Cold War. Ma-

# Strong Swedish Contender Bille August's 'Best Intentions' Has a Bergman Script

By Thomas Quinn Curtiss International Herald Tribune

ANNES - The content, the firm direction and the ensemble acting of Bille August's
"The Best Intentions" make it a strong contender in the festival's official

The awards will be given on Monday evening.

Based on Ingmar Bergman's script, "The Best Intentions" relates the lot of a poor theological student at Uppsala university in 1908 who loses his heart to a spirited, idealistic girl, the daughter of a wealthy clan, who is training to be a hospital nurse. Her domineering mother opposes the match, but love laughs at

They wed, and the ordained husband is appointed to a remote parish where the newlyweds are at odds with the conservative town authorities. The pastor sides with the workers in a strike and is reprist by a lactory owner. The marriage does not run smoothly, but it survives. A good deed comes near to costing them their baby son when he is nearly killed hy a retarded child they are sheltering. The years pass and the couple is reconciled after a separation.

Samuel Froler as the minister and Pernilla August as the wife are admirable, but the entire company is worthy of honors. Due to the rich text, shrewd casting, and the precision of the production, each character is fully developed. Max von Sydow contributes a minor masterpiece of cameo portraiture in which he dis-cusses religion with the ambitious theologian.

ERENCE Davies's "The Long Day Closes" presents the case of a working-class Liverpool boy stricken with the pangs of growing up in 1955. He has a cheerful home with his kindly widowed mother and her three older children, but the shy lad has troubling problems that he keeps to himself. His schooling is harsh, he is hullied, he has no close friends of his age and his severe religious instruc-tion has caused him to fear that he will fall into sin as his sexual urge awakens.

Though the scene is set in 1955, his surroundings hint of an earlier era. Its Christmas party and New Year's Eve ball might be from Dickens. As the narra-tive is accompanied by ancient music-hall songs, a nostalgic mood prevails. Leigh McCormack has wistful appeal as the lonely boy and Marjorie Yales is the very thing as the doting mother.

Djihril Diop Mambety's "Hyenas" is a Senegalese ma, "The Visit," in which a rich woman returns to her hometown to bribe its citizens to murder the man who -JOAN DUPONT betrayed her in her youth. Here the action has been



Sidney Luniet: Cops, robbers and ritual.

transferred to a desert town of Africa where the sun shines hright. It is a peculiar experiment that shrivels

the impact of the original work.

Sidney Lumet "A Stranger Among Us" lends some exotic coloring to a routine cops-and-robbers thriller by contrasting the shootouts in New York's diamond markets of 47th Street with the religious rituals of the

Hasidic community. A diamond salesman has been hrutally murdered and the police appoint a seasoned woman detective to conduct the investigation. She interviews the Hasidic community's spiritual leader and his studious son. Ariel, a soft-spoken and handsome young man, who at once fascinates the woman inspector. Melanie Griffith takes the part of the sassy heroine in her stride, and Eric Thal is the gentle and embarrassed beau.

The only Italian film in the race for prizes, "The Stolen Children of Gianni Amelio, is disappointing. In the suhurbs of Milan a woman is arrested for forcing her 11-year old daughter into prostitution. A young carahimere is ordered to escort the little girl and r younger hrother to an institution for endangered children near Rome. There the youngsters are refused version of Friedrich Durrenman's chilling melodra- entrance, and the voyage south to find protection continues. The treatment is an echo of neorealism of the 1940s, but it lacks the humor and poignancy of Vittorio de Sica's "Bicycle Thief."

#### **AUCTION SALES**

# The Love Trophy Egg

tern in forensic medicine, arrives in

Paris from Germany, where he was

raised. Somebody has slipped a

mummified head in his value, and

it's no joke. A man dedicated to his

vocation, he performs a complete

autopsy on the mummy, peeling the

skin off the skull with pliers, remov-

ing pieces of hrain to test in various

potions. His inquest, filmed in clini-cal detail, leads to the discovery of a

conspiracy of silence about the past.

The story, deviously plotted but

practically impenetrable, does not seem to be the point as much as the theme: Burying the dead does not

make them go away. Desplechin

composes his scenes in frames of

complex disorder, weaving a dozen

main characters in and out. Dwell-

ng on the morbid without special

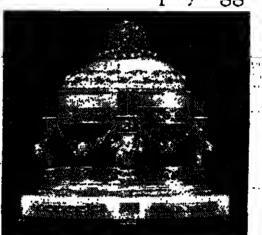
effects or Schwarzenegger to help does not seem to be a hig audience

pleaser, and there was an audible

shrinking at the Palais screening.

This talented director will certainly

move on to films that don't make



The Love Fromh Egg. a highly important Falorige hoperad Easter Egg. St. Penashing, and 1905, presented by Cyar Nicholas II to the Empress Meximilia for to the Howager Empress Maries, Only Jour other Faherge-Imperial leggs have been sold at public anction worldwide since World War II. Estimate on request

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All lots in this sale may be exported.

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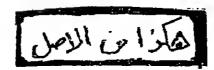
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# Guimard Revisited

Much of His Work Has Been Destroyed

By Michael Gibson

ARIS — Quite as much as Gustave Eiffel, though on a reduced scale, Hector Gui-mard — as an exhibition at the Musée d'Orsay reminds us - provided-turn-ofthe-century Paris with one of its most characteristic features, in his case the cast-iron Métro en-

These once omnipresent structures, with their prehensile ironwork, soaring green stems and bugeyed, ominously glowing twin orange bulbs, might conceivably have provided H.G. Wells the anatomy of his Martian invaders.

Less fortunate than the Eiffel Tower, these structures have mostly been replaced. But a few have survived, mostly in the less favored parts of the city, lending a touch of nostalgia to the rare shabby streets where real-estate speculation a the hand-me-down modernist dogma of the '50s and '60s have failed to make their mark.

Some structures have won belated protection as historical monuments. So have the few surviving instances of the more complex glass and cast-iron awnings that Guimard designed for some Metro lines. One of these still stands Porte Dauphine. another has lately been dismantled and moved from Hôtel de Ville to Abbesses in Montmartre.

Guimard's larger Metro structures, conceived in the style of full-blown railway stations for such sites as Etoile and Bastille, were destroyed, the first of these in 1927. The one at Bastille was torn down in 1962 and sent with unseemly haste to a foundry in Lorraine to be melted down. The Metro administration apparently anticipated protest and wanted to dispose of the corpus delicti with all possible speed.

An intriguing aspect of some of these structures was the reverse slant of the glass and iron roof that flushed rain water down a central drain, instead of down the traveler's neck. Favorable critics compared such roofs to "a dragoally's outspread wings," but others vented only contempt.

T WAS Guimard's misfortune to have begun his professional career at the wrong moment, and to have died at the wrong moment, too. He was born in an age of transition, and his work understandably displeased stuffy traditionalists. But his "noodle" style, as it came to be called, also soon became anathema to the triumphant modernist disciples of Le Corbusier. Guimard was caught in a fatal ideological cross fire between the old guard and

the avant-garde.

His true originality appeared in the way he created a whole new style of architecture and ornament, which extended to such details as doorknobs, bathroom tiles, wallpaper, vases, furniture and curtains. He also made an innovative floor plan for his apartments, with features that seem obvious to us now: bathrooms directly accessible

t Feeler

9 Wire

14 Hundu

18 Ramada

19 N.Y.S.E.

20 Hatred

27 Shady accomplice

28 "Wouldn't -Loverty?

29 Palindromic

preposition 30 Tied 31 Composer Cesar's folks 32 J. J or Mary

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53 — Finklea ¡Cyd Chanssei

58 N.Y.S.E.'s birth ceruficate, 1792

66 Hudson or Essex

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54 Gossip

55 ---- aves

64 Shoe width

72 Soft cheese

73 Nursery-rhyme pie filler

Dark, 1988 film

67 Rake

76

46 Like new bills

45 The facts Colloq.

24 It runs from a



A photo of Hector Guimard in a gilt bronze frame of his design.

from the bedroom, and a clear separation of private quarters, service and reception areas. This is a feature of the six buildings he put up between Rue Gros, Rue La Fontaine and Rue Agar, which are still standing today.

Guimard often included in implausibly mannered and — from a modern point of view — hilarious conceits: The Castel Henriette at Sevres, for instance (destroyed in 1969), and even more so his Castel d'Orgeval at Villemoisson-sur-Orge (current-ly for sale), rise primly from a narrow base with all ty for safe), use prunty from a narrow base with all the elegance and poise of an offended flamingo. Turrets and bay windows jut out whimsically, balconies sprout from odd angles and the slant of the roof suggests a collapsing castle of cards.

The insides of the buildings were also designed, down to the last detail, by Guimard himself, and the exhibition includes a wide selection of his abundant and the control in further and batesian designed.

creations in furniture and interior design, as well as plans and photographs of his buildings.

His most effective work as an architect was the palatial home he designed for the wealthy businessman Lèon Nozal, on Rue du Ranelagh, which was torn down during a building boom in 1957; the Salle Humbert de Romans concert hall on Rue Saint-Didier, torn down in 1904, only a couple of years after it had been built, and the monumental synagogue in a narrow space on Rue Pavee that

Guimard died at the Adams Hotel in New York in 1942, and people in France learned of his death only three years later. His widow returned to France after the war to protect her husband's heritage and tried to donate the family home with all its furnishing to the state. The offer was declined and the destruction of much of the architect's work contin-ued. It was only 15 years later, on the occasion of the important exhibition ritled "Les Sources du XXème Siècle" that Guimard was finally admitted to the National Museum of Modern Art.

Hector Guimard (1867-1942), Musée d'Orsay, to July 26, Musée des Arts Décoratifs et des Tissus, Lyon, Sept. 25 to Jan. 3, 1993.

# Market Hums, but the Tune Is New

TEW YORK - The market is hozzing with activity once again, on every financial level. Few can doubt it after a four-day round of Impressionist and Modern art sales during which 430 works of art changed hands for \$101.8 million.

If there is a difference from what went on at the height of the craze between May 1988 and May 1990, this concerns a matter so trifling

#### SOUREN MELIKIAN

that auction-house spokesmen and dealers refrain from dwelling on it - prices have roughly gone down by half, resulting in severe losses for some vendors and reducing in-ventories. Sad perbaps, but healthy. The artificial rise whipped np by hiking "estimates" and reserves to satisfy speculative sellers has been wiped off the slate. Even healthier is the new deter-

mination of auction houses, not expressed in statements and therefore not echoed in the media, but prov en by figures, to buy in as little as possible and, if necessary, to ignore the estimates and sell for consider-

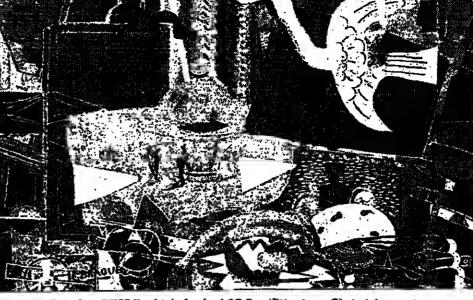
ably less.

The honor of priming the pump was left to Christie's. On Monday the remains of the collection formed by Douglas Cooper, the late British art-historian in love with Cubism. and by his adoptive son, William A. McCarty-Cooper came first. Christie's refrained from discussing the private sale of the better part of the collection to the great American collector Leonard Lauder for a price believed to be in the area of \$30 to 35 million. What remained retained the cachet of an authentic collection, which undouhtedly whetted the appetites

of private buyers.
This makes all the more significant the resistance to "estimates" deemed too high. Sensing the mood, Christie's wisely gave in where possible, At the beginning, a preparatory drawing by Braque for the etching of a woman in the nude, done in 1907, failed to sell at \$26,000 despite its \$30,000 to 40,000 estimate. An impression of the etching followed. It was allowed to go for only \$18,000 plus the 10 percent premium, although it carried the same estimate.

HERE were some spectacular compensations for these "losses." A 1927 drawing by Paul Klee donbled its high estimate at 577,000. A gouache and collage composition by the sculptor Henri Laurens shot up to \$154,000, about 140 percent above the high esti-mate. An exquisite Cuhist collage and gouache executed by Picasso in 1914 was among the exceptions that sold in the middle of the esti- can be dire. This is illustrated by mate bracket. It cost the famous the curious case of Hermann

PUBLISHED



Braque's "Atelier VIII," which fetched \$7.7 million in a Christie's auction.

New York, On Tuesday a tele-

lion - still not a bargain. Renoir's

charming but very small study for

"La Loge," bought by Schnabel in May 1989 for \$12.1 million, found

phone hidder got it for \$1.98 mil-

Ups and downs continued up to the top of the financial scale. A Cubist still life "Guitar on a Table" ainted by Juan Gris in 1916 made painted by Juan Gris in 1916 made \$1.48 million, 10 percent less than the low estimate. But "Atelier VIII," done by Braque in the 1950s, soared to an astounding \$7.7 mil-lion, making the confused composition with lingering Cubist over-tones, and a big white bird that clashes with these. It looks like an interior decorator's idea of a perfect Braque and may be considered hy far the week's best-sold work.

N Tuesday, still at Christie's, the price yo-yo continued. A small study in oils of a peasant girl carrying some sort of a can, hardly Renoir's greatest, found a buyer for \$198,000. This was far below the \$330,000 that Christie's hoped would be the minimum price. On the other hand, Manet's "Les Travailleurs de la Mer," not the artist's greatest either, climbed to a hreathtaking \$1.98 million, exceeding the high estimate by half. The picture showing three sailors in a fishing boat tossed by gale force winds is sketchily done, reminding one of Soviet art celebrating the

worthy proletariat. Such variations suggest that auction houses are now willing once again to let the market follow its natural course - which is erratic They are not nearly as inclined as they were two years ago to step in to keep prices within closely de-fined limits. For the new buyers who jumped on the art bandwagon in the mid 1980s, the consequences

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Hard bound volume of 1336 pages. Format: 20 x 15 cm

L'ANNUAIRE

de L'ART INTERNATIONAL

INTERNATIONAL ART GUIDE

13th edition (bilingual: French/English)

Preface by Jacques CHANCEL

**EDITIONS SERMADIRAS** 

ANNUAIRE DE L'ART INTERNATIONAL / INTERNATIONAL ART GUIDE

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HLS.

Basel dealer Ernst Beyeler Schnabel, a businessman from 5396,000.

Hamburg, He took no chances with names — Renoir, Degas, Toulouseunprinted estimate before the auction was obligingly quoted at \$6 to g million.

Looking back, Christie's can call Lautrec - but he did with prices. it a good week. It managed to sell \$56.9 million worth of art on which A Fantin-Latour still life, bought in March 1988 at Christie's, London, for the then equivalent of \$1.86 million, sold on Tuesday for commissions will be substantial. For the consignors the story is different. Not only were prices often slashed, but of the 228 lots, 45 \$990,000. A pastel portrait of a woman by Degas, acquired in May 1988 at Sotheby's, New York, for 5550,000, found a buyer at only crashed altogether. Sotheby's, whose staff waxed en-thusiastic over the week's results. \$352,000. Toulouse-Lautrec's did not fare quite as well. Its sales totaled \$44.9 million. Of the 323 works of art offered Wednesday gouache of a man and woman riding horses cost Schnabel \$2.86 million at Christie's May 1989 sale in

> and old auction huffs made some very satisfactory acquisitions.

> and Thursday, 76 found no buyer. As the week dragged on, a certain

auction fatigue became perceptible

dancer by Degas from the Sidney E. Cohn collection for \$55,000, half the low estimate.

Thomas Amann, the Zurich dealer, got an oval composition made by Braque of around 1913 for only \$550,000, when Christie's banked on a minimum \$770,000. Sometimes, however, no one sometimes, however, no dis-seemed ready to pick up the har-gain. Neither quality nor pedigree rescued a composition dated 1915 displaying all the distinctive quali-ties of Juan Gris — strong colors, a three-dimensional sense of space. an alacity contrasting with the somher mood of Picasso and Braque in their early Cubist phase. The Gris fell flat at \$475,000.

ICH collectors had a field day. Carl C. Icahn bought a subtle Sisley view of a village, painted in 1874 with a classical sense of composition and Impressionisi brushwork. At \$660,000 it cost him \$110,000 less than the low estimate. He followed it up with a second Sisley, relatively inexpensive at \$522,500, and a twin pastel portrait by Mary Cassatt in 1913, "The Crochet Lesson," with little merit other than its price, \$935,000, again below the low estimate.

The French press magnate Daniel Filipacchi bought brilliantly first Magnitte's "Les Travaux d'A-lexandre," dated 1950, for \$660,000, and then Dali's "Les Sonrces Mystérieuses de l'Har-monie," of 1933, for \$467,500. Important as Surrealist art goes, both ent for less than the low estimate.

Awareness that auctioneers are no longer in a position to force artificially high prices down their throats is galvanizing old collectors who huy for pleasure. It is also attracting some new buyers who are nothing like the art raiders at 1989-90. They seem to look carefully and do not hid madly. Therein May 1989 for \$12.1 million, found The Galerie dn Carronsel in Parare the twin causes of the market's no takers at \$5.2 million. Christie's is acquired a pastel figure of a burgeoning renaissance.

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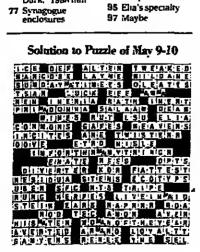
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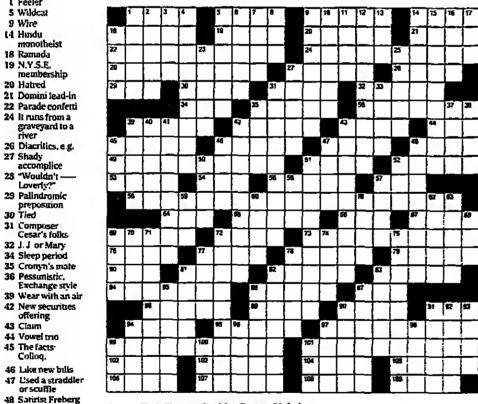
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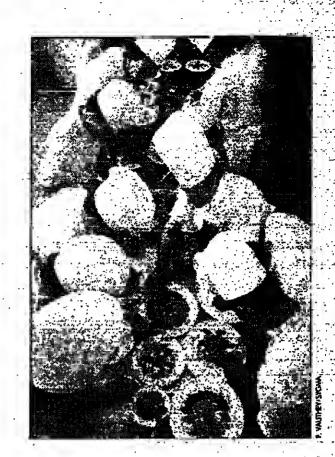
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LES 5 JOURS DE L'OBJET EXTRAORDINAIRE May 20th to 24th, 1992 from 11 am to 10 pm (Sunday included) 99 Naughty 100 Weisshorn, for X Nordstern 101 Angel's fa-onte







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she will always say bon-There is no Angio-Saxjour, merci and au revoir. on-style guilt about wast-In spite of creeping Ameriing time or enjoying life canization and the prestoo much when there is sures of modern life, the work to he done. There is no such thing as a half-French still allow themhour lunch, and no one selves to indulge in good grahs a sandwich at his food and drink, to appreciate the arts, to wear beaudesk. Long vacations are considered the divine right uful clothes and to do whatever pleases them.

of all, and pleasure-filled weekends are sacred. Therein lies the charm of the country: harried foreigners can partake in this sybaritic life-style at least temporarily. Of course, that means finding a hotel of suitable charac-

ter located in an agreeable

place. Whether haut luxe, oldworld charm, high-tech convenience, designer chic or just simple comforts. French hotels offer endless variety. Most have the basics that everyone requires: a warm welcome, a comfortable and clean room, good service. It is those extra touches that make a stay special, whether its purpose is

isiness or pleasure Advance planning is vital to finding the perfect hotel, especially in Paris. With all its conventions, fashion shows and tourists, finding a hotel in Paris can be a nightmare. Here are a few suggestions.

The Hotels l'Horset group has four locations in Paris, hut this is not a hotel chain with standardized decors: each one of these luxurious hotels retains its individual charm.

The Hôtel l'Horset Astor Madeleine has a 19thcentury interior and handsome wainscoting that conform to the group's slogan: "Charm and tradition in the heart of town."

Horset's Opéra loca-

tion, near Paris's major department stores, has its own understated elegance. The nearby Pavillon has authentic Belle Epoque interiors complete with stained glass, frescoes and wood paneling. The Saint-Cloud is located in Paris's posh 16th arrondissement, home of the city's elite. Two smaller hotels, Saint Augustin and the Washington, have just opened in

The Horset group also owns hotels in Blois, home of François I's magnificent castle, and in Cannes.

Paris Quartet is a group of four owner-managed Paris hotels, each with a courtyard garden and located on a quiet side street.

The Union Hotel Etoile, in a residential neighborhood near the Arc de Triomphe, has 13 two- or three-room apartments with kitchenettes in addition to its 30 rooms, making it ideal for a family

vacation or a long stay in Paris.

The modern Hôtel de Noailles, near the opera house, is spacious, quiet, hright, colorful and elegant, with a Japanese-style garden.

On the Left Bank, near the Luxembourg Gardens, the Hôtel de l'Abbaye Saint-Germain, with its re-fined decors, 19th-century furnishings, beds of copper or hamboo and marble-lined hathrooms, also has six duplex suites with private terraces.

In the Latin Quarter, the tastefully contempo-rary Select Hôtel's interior garden is crowned with a pyramid-shaped skylight and watered by a trickling fountain.

At the Hôtel Victor Hugo, located between the Eiffel: Tower and the Arc de Triomphe, one can hreakfast in the "winter garden" year-round. Mar-ble bathrooms add that extra touch of luxury to this tranquil hotel.

L'Hôtel Pergolese bills itself as "your house in Paris." Of course, not many of us have houses with decors and furnishings signed by star designers Rena Dumas, Philippe Starck and Hilton McConnico, but one can pretend while staying there.

Great attention has been paid to every detail in this 40-room hotel, from hathroom fixtures to warm color combinations and lighting, with a result that is clean and modern without being cold.

Located between Porte Maillot and the Place de l'Etoile, the hotel has airconditioned and soundproofed rooms facing ei-

HOTEL

ther a side street or the courtyard. Although the Restora-

tion-style Hôtel de l'Elysée promises "quiet luxury in the husiness center" of Paris, it is also located conveniently near designerclothing shops on the Rue du Faubourg-Saint-Honore and the city's best cinemas on the Champs-Ely-sees. The 32 rooms are sumptuously decorated with floral wallpaper and

hangings.
The charming Hôtel Albert ler, conveniently located between two central train stations, the Gare du Nord and the Gare de l'Est, is within walking distance of Montmartre and the Sacrè Coeur.

Those with artistic bents will appreciate L'Hôtel Bersoly's Saint-Germain, centrally located near the Musée d'Orsay and the antiques quarter in the seventh arrondissement. Each of its 16 rooms is dedicated to an artist, including Marc Chagall, Henri Rousseau and Pablo P C2550.

The room dedicated to the latter, with its interior mini-garden, comes highly recommended. This redecorated 17th-century house exudes taste, charm and screnity, and the house "black-and-white" dogs add a friendly touch.

Art Deco elegance characterizes the Raspail Hotel, built in the 1920s and once frequented by young American artists who turned the back room into a rowdy poker salon. The 38 rooms and two suites in this tastefully restored hotel are soundproofed and

air-conditioned. Nip out for oysters at the Bar à Huitres next

A charming 41-room hotel with summer garden in the heart of the Latin Quarter St -Germain-des-Pres - Montparnasse T V., Minibar, business facilities, etc.

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75015 Paris; tel.: (33-1) door, or for a cocktail across the street at Le 45,66.77.77. Three Relais du Silence Dôme, once a hangout of Modigliani, Stravinsky, hotels are located in Paris. Picasso and the ubiquitous The Hôtel des Tuileries, an

Hemingway. Owner Pierre Branche says he "knows

and loves each guest like a

The Hôtel Acacias Saint

Germain offers a romantic

summer garden, 41 recent-

ly renovated rooms and a

wide range of services usu-

ally only offered by larger hotels: 24-hour baby-sit-

ting, mini-bus excursions.

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ment bookings, airport

transportation and the

whole spectrum of busi-

ness services, including

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main area, the Odéon Hô-

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luxury that makes a guest

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leged. Art galleries, rare

book and antique dealers

abound in the neighbor-

Les Relais du Silence

specializes in just that: si-

lence. It is an association

of 250 independent hotels.

in Europe and Canada

that have in common a

commitment to providing

a calm, quiet, friendly en-

vironment for guests to

are all-important.

A restored 19th-century

ly decorated.

bood.

translation services.

member of the family."

18th-century mansion on a quiet side street in the heart of Paris near the Place Vendôme and the Tuileries Gardens, fits right into its historic setting with its elegant furnishings.

The Hotel Eber benefits from its proximity to the Parc Monceau, one of the city's most beautiful parks. and from the good taste that has gone into its decoration in a mixture of complementary styles.

The Hotel Etoile Pereire, an island of calm near the busy Etoile intersection, promises a selection of 24 exquisite jams for

out of the city, France offers a plethora of glorious country hotels and inns. many of them in châteaux.

For a taste of an area where few foreigners penetrate, the Auberge des Chasseurs, located at the foot of the Jura mountains, is a country house decorated with simple, woodsy elegance.

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relaxing vacation. Enjoy a marvelous view of the Provencal landscape and a medieval village from the gardens and terraces of the 16th-century

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Heidi Ellison, a Paris-based writ-

er and editor.

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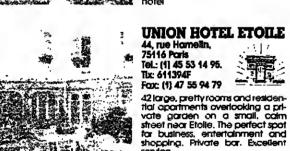
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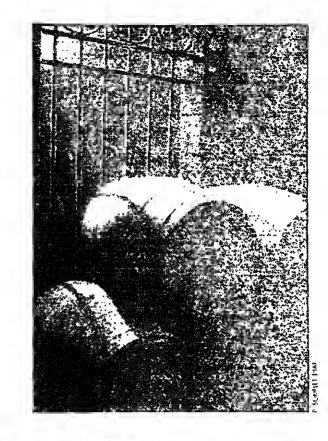




DVERTISING SECTION

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This advertising section was passived in its enfreety by the supple International Herald Timballes advertising department. [1 was watten by Heidi Elli-) Sout a Paris-based with er and editor.

WITTOR HUGO

Hostellerie Le Beffroi, with its privileged hilltop location, individually deccrated rooms and antique

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The Château des Briot-tières, located near Angers, has been in the same family for six generations and has served as a film

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The guide contains such treasures as the Château de Rochecotte in the Loire Valley, the former home of Talleyrand; the Châtean de Kéravéon, set in a sixacre park in Brittany, with its moat, ruined drawbridge, watchtowers and Renaissance well and dungeon; the fantastic Chateau de Ennenouville near Paris, where Jean-Jacques Rousseau spent his last days; or the more intimate Manoir de Brignac in the Périgord, a venerable

The Chateau de Chailly in Burgundy, a medieval fortress during the reign of Charles the Bold, was later renovated in the Italian Renaissance style and is now classified as a national monument.

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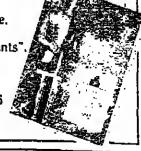
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#### **ECONOMIC SCENE**

### A Split Grows in Tokyo Over Priming the Pump

By Steven Brull ional Herold Tribum

OKYO - While Tokyo's official stance at this coming week's meetings of the OECD in Paris will be aimed at deflecting mounting pressure to spur its economy, Japanese delegates will offer private reassurances that the nation is ready to help fuel world growth by further priming its name a scany according to a high-ranking government official.

The message reflects a split within the Japanese government over the need for further stimulation as well as a difference of

opinion about the timing of any announcement.

The split surfaced again on Friday when the minister for international trade and industry, Kozo Watznabe, said the govrement should be prepared

Most economists

to take additional measures to Speaking after a cabinet meeting he said that it may be difficult for Japan to achieve

think Japan won't meet its goal of 3.5 its 3.5 percent target for growth in gross national prodpercent growth. uct in the fiscal year that ends next March if the current eco-

nomic situation continues. He added that the government must decide by June at the latest on whether or not to take further reserves to stimulate growth.

"If the current economic situation continues," he said, "I see we will have statistics and indicators which may not be enough" for Japan to achieve its growth target. He added that "if we have such figures," then the Group of Seven will "expect us to take measures" at a summit meeting in Munich in July.

At nearly the same time, Prime Minister Kiichi Miyazawa and

Finance Minister Tsutomu Hata were dismissing the possibility the government would adopt a supplementary budget anytime soon. Mr. Hata said that Japan "should rather continue to monitor the effects of its pump-priming measures which have sheady-been taken," echoing what is likely to be Tokyo's official line at the meeting of the Organization for Economic Cooperation and Development on Monday and Tuesday.

TTHE END of March, the government unveiled a set of stimulative measures, including heavy front-loading of public works' spending for this fiscal year, and in April the Bank of Japan sharply reduced the official discount rate. Yet with the stock market and business sentiment badly bruised, most economists think the country will fall far short of its goal of 3.5 percent growth this year, even with additional stimulation.

As a result, further pump-priming, through additional public works spending in a supplementary budget, and possibly by a further cut in interest rates, is widely expected by the end of this summer. Still, Japan will nonetheless take a defensive stance at the ministerial level meetings to prevent even further pressure from mounting at the Munich summit meeting. Past OECD meetings have formed the basis of discussion at the G-7 meetings.

(Continued on page 16)

The official stance also reflects growing optimism that the Japanese economy will begin to heat up. Officials of the Economic Planning Agency and the Finance Ministry are worded that with Japan's low unemployment rate, additional stimulation could spark inflation.

Last Monday, the governor of the Bank of Japan, Yasushi Mieno, said the economy was at its low ebb. He pointed to signs of a turnaround, including improved housing investment and stronger capital investment by small- and medium-sized service companies. On Thursday, Economic Planning Minister Takeshi Noda predicted that production would pick up from the fall; although he said a remodificatory was unlikely.

Jesper Koll, an economist at S. G. Warburg Securities, said the robest compress such partly an attempt to talk up the year and

upbeat comments were partly an attempt to talk up the yen and fend off foreign criticism. But he noted that fixed income markets notably the benchmark Japan government bond, has likewise been reflecting optimism of a turnaround this autumn.

**CURRENCY RATES** 

# Olympia & York Sends Tremors Around the World

# Gloom in Canada, **But Is Worst Over?**

New York Times Service

TORONTO - Canadians used to break down the wealthy into three

categories: the rich, the superrich and the Reichmanns.

The Reichmann family business, Olympia & York Developments, is the world's largest real estate developer. But in March it ran out of eash and Thursday filed for bankruptcy protection, and fear is rippling through many corners of the Canadian economy.

The country's commercial real estate market is paralyzed, the Toronto stock market has fallen and many companies are finding it hard to borrow cash. Some bospitals, schools and cultural institutions that the Reichmanns have showered with millions are wondering whether the

largesse is now at an end. The situation has looked so grave that the Bank of Canada, the nation's central bank, has been maneuvering behind the scenes to ensure that Canada's banks, which have extended an estimated 3 billion Canadian dollars (\$2.5 billion) to Olympia & York, can weather the crisis.

Although Canadian bank regulators say that the banks could with-stand an Olympia bankruptcy, the Bank of Canada has been pursuing an aggressive easing of short-term interest rates, even at the risk of igniting inflation, with the nation's benchmark bank rate now down to 6.78

The uncertainty over Olympia's fate "adds to the economic malaise and sense of gloom," said Tom Hutchinson, chief Canadian economist for MMS International, a financial information service in Toronto. "It's one of the negative influences out there that are making consumers keep their wallets zipped and could delay the recovery substantially." Yet some analysts believe much of the potential impact may have

already been discounted. "The Reichmanns might lose control of their company, but this need not necessarily have grave implications for the economy," said David J. Marshall, president of the North American Economist, of Toronto, a financial information service.

Olympia had been negotiating for the last few weeks with dozens of creditor banks, seeking more favorable terms, moratoriums on payment due and fresh money to complete several projects.

The banks had provided some short-term loans — far less than the Reichmanns sought — and have been cool thus far to the brothers' ideas, including an offer of a 20 percent stake in the family business in return for concessions. Some bankers wryly questioned what the attraction was of owning a fifth of a company whose debts exceed, by some counts, its

The bankruptcy filings were triggered by O&Y's failure on Thursday to make a 17 milion Canadian dollar payment on First Canadian Place in downtown Toronto. The failure gave bondholders the right to seize the 72-story white marble building, ironically seen as the flagship of the Reichmann's golden empire.

John Ing, president of Maison Placements Canada Inc., a local invest-ment house, warns of "ripple effects" if Olympia's buildings, some of the most expensive real estate in North America, are seized by banks and bondholders and then sold into an already depressed market.

At the Toronto Stock Exchange, the "Reichmann factor" is also blamed for the depressed state of prices, which are nearly 20 percent below the record highs of Angust 1987, even as the New York Stock Exchange has been reaching highs. The exchange's 300-stock index, which fell 15.9 points on Thursday, rose 3.12 points on Friday to 3,391.43, for a gain of about 17 points on the week.

Banks have been particularly hard hit, with investors in bank stocks worried about loans to Olympia. Indeed, before the market's recovery this week, fears of bank losses had wiped 7 billion Canadian dollars from the value of the banks' stock. That is more than twice the generally accepted estimate of their total loans to Olympia.

Over the last two months, the market has clipped nearly 800 million dollars from the common stock value of the Canadian Imperial Bank of Commerce, the country's second-largest bank. The bank is believed to be Olympia's biggest creditor with loans valued at up to \$1 billion. The stock rose following the filing to 28.25 dollars on Friday, up 1.25 on the day but

See CANADA, Page 13

#### Victims of Olympia & York's Debt The biggest lenders millions of U.S. dollars Canadian Imperial Bank of Commerce \_\_\_\_\_\_ 1,000

Citicoro ... Crédit Lyonnais Bank of Montreal Bank of Nova Scotia Dai-ichi Kango Chemical Bank. Barclays PLC .....

Covered by the Canadian filing

Real Estate First Canadian Place complex (Toronto) Scotia Plaza (Toronto) Gulf Canada Square (Edmonton)

Finance Companies Olympia & York Really Credit Corp O & Y Credit (CPI) Corp

Corporate Investment Gull Canada Resources Abitibi-Price GW Utilnies Trizec Corp Trillon Financial Corp.

International Herald Tribuna

### Web of Assets and Debt **Complicates the Math**

LONDON - Analysts face a dannting task as they struggle to understand the complex web of assets and debts that comprise the empire of Olympia & York Devel-opments Ltd.

The company, now seeking pro-tection from its creditors, has always played its cards close to its corporate chesi, experts say. Yet in recent weeks, O&Y has

had to tip its hand to the bankers with whom it has been trying to restructure about \$12 billion of debt. The company has total debt of up to \$18.5 billion. But bankers will no more divulge

details of a company in financial difficulties than they will tell outsiders about the size of an individnal client's overdraft. Two aspects of O&Y make it especially difficult to come to a

realistic view of whether the company's assets exceed its debts, ana-VSIS SAV. First, it is a private company and

so does not have to make informanon public to its shareholders. Second, its structure is diffuse. "It is a very diverse and complex

group," said Michael Prew, property analyst at brokers Panmure Gorlon. He declined to estimate how much the company is worth. In January 1991, O&Y said its total net worth — the value of the

buildings and shares it owns minus its debts — was \$4 billion. Analysts agree that figure must have dwindled in the intervening 16 values in Britain and North Ameri-ca, where O&Y operates, have tumbled as recession wiped out real Adam Murza, property analyst

at Charterhouse Tilney, said it was "almost impossible" to know what the company is now worth. But he added. "It would not surprise me, given the way property

values have gone down worldwide. if it had negative assets." As an example, he said one property in New York with 500,000 square feet (45,000 square meters)

of space was now empty after it was discovered that asbestos had been used in its construction. It is for sale for \$5 million, perhaps \$95 million less than it bad been worth. O&Y owns Manhattan's World Financial Center and other sky-

scrapers from London to Dallas. fts Canadian assets include 14 million square feet of office space. Economists in the United States

said they feared that the mass of debts by the developer could cause nervous bankers, particularly in the United States, Britain and Canada, to constrain credit when it was already scarce.

O&Y York is the biggest company ever to file for bankrupicy protection in Canada. Analysis and bankers have long expressed a fear that if the company was forced to seek protection from its creditors, the world's financial and property markets would be roiled.

(Reuters, NYT)

# **New Debt Worries** Rattle Tokyo Stocks

By Steven Brull International Herald Tribune

TOKYO - The bankruptcy (iling of Olympia & York Developments Ltd. sent the Tokyo stock market reeling on Friday by renewing fears about the health of Japanese banks and the broader economy as well as the functioning of the equity market itself.

In a selloff that punctured the market's recent confidence, investors dumped shares across the board and drove the key Nikkei index down 730.33 points, or 3.88 percent, to 18.074.27.

Many brokers blamed the decline on the potential impact, both at home and abroad, of the insolvency of Olympia & York. But analysts said the reaction was overblown given the relatively low exposure of Japanese banks, which analysts estimate between \$1.5 and \$3.0 billion.

"It's significant, but it should not have caused such a reaction in the market," said David Atkinson, analyst at Salomon Brothers Asia. ft's just more bad news at a bad

The sum pales in comparison with the domestic bad debt held by major Japanese banks, estimated to total as much as 20 trillion yen, or about \$154 billion.

Analysts named Dai-Ichi Kanyo Bank Ltd., Sumitomo Bank Ltd., Sanwa Bank Ltd. and Tokai Bank Ltd. as among the most trading commissions and legal heavily exposed to Olympia & changes that would cut capital York. Dai-Ichi Kangyo's exposure, gains taxes and facilitate the payment of higher dividends. considered the largest, is seen be-ment of higher dividends.

tween \$250 and \$500 million, Bank spokesmen declined to comment. Friday's decline also reflected a correction from recent gains. The Vikkei had been recovering steadi-

6.598.15 on April 9. There was a return of confidence but the market was also overbought," saio Faul Migierato, a broker at Jurdine Fleming Securi-

ly since touching a 517-year low of

But Friday's session seemed like a return to the ghastly atmosphere that pervaded the market's collapse earlier this year. The day was relete with news of poor earnings from brokers and other major Jap-anese companies, as well as the inability to hedge positions when trading in the Nikkei 225 futures contract in Osaka was suspended. after having fallen the limit in early afternoon, (Page 13)

This will confirm to many that the long-term prospects for the market are bleak," said Craig Chudler, strategist at UBS/Phillips & Drew, "The market will continue to be haumed."

Although some analysts expect-ed Friday's decline to bring in fresh buying, others cautioned that the market will remain highly vulnera-ble. They noted that a flood of bad earnings reports are expected over the coming weeks and the authorities have fulled to get on with badly needed reforms - including devel-opment of a more efficient futures market, the deregulation of stock

### **O&Y Bonds Hit in Europe**

LONDON — Trading evaporated Friday in Eurobonds of Olym-pia & York Developments Ltd. bere after the property developer sought protection from its creditors in the United States and Cana-

"We've got a good old-fashioned liquidity crisis," said a bond trader at ScotiaMcLeod Inc. "Any trades in O&Y would be done on an order-only basis, because no one would take this paper on their books unless they had a buyer on the other side."

The Torooto-based real estate company has 15 outstanding bond issues denominated in U.S. and Canadian dollars. Some were sold privately and do not trade regularly.

Olympia & York's 11 percent Canadian dollar bonds due November 1993, sold in 1988 through Merrill Lynch International at a price of 101.25, were quoted at a price of 71.125 to yield 40.48 percent, down from 73.13 on Thursday and a yield of 37.35 percent. The bonds are listed on the Luxembourg stock exchange.

# Thomson Tries to Reassure on LTV Deal

By William Drozdiak

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Sources: MAIS Bank (Ameterdom); Indicave: Bonk (Brussels); Banca Commerciale Hallono (Mijos); Banque Hallonale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Ternala); MJF (SDR); Gasbank (ruble). Other data from Reuders and AP.

#### INTEREST RATES

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38-day average yield: 3.55 Telorale Interest Rate Index: 1.779 Source: Mertill Lynch, Telerale. GOLD May 15 CFAS Hors Kons 192.5 Lucembours 20.53 Ports (12.5 kito) 193.52 Zurich 393.15 Lousies 194.15 New York +1.60 +1.60 +1.11 +1.65 +2.16 +0.60 334.72 334.72 334.65 334.66 334.70

Washington Part Service
PARIS — Seeking to defuse charges that foreign ownership of a major American defense contractor posed a risk to national security, France's Thomson-CSF has offered fresh guarantees to the U.S. government that its purchase of LTV Corp.'s missile division will not lead to American defense secrets leaking abroad.

Thomson executives, alarmed by a bill intro-duced in the Senate to halt the sale of LTV to any foreigner, said the state-owned French de-fense giant is now prepared to restrict its pres-ence on the board to one "outside director" and will allow only Americans with proper security clearance to review classified contracts.

"We have always respected American laws in these matters and we would continue to do so under this special security agreement," said Jean-Paul Perrier, the head of Thomson's missile divi-

Paul Perrier, the head of Thomson's missile division, in an interview. "We are not trying to steal
scorets; we want this sale to go through because
we need LTV's missile-building capability to
become a player in the United States, which
represents half of the world market in defense."

The Freuch government, which owns 58 percent of Thomson-CSF, has urged the U.S. government not to veto the LTV purchase. Foreign
minister Roland Dumas visited Washington
last Monday and met with President George
Bush, Secretary of State James A. Baker 3d and
Defense Secretary Dick Chemey Ministry offi-Defense Secretary Dick Cheney. Ministry offi-cials said the Thomson-LTV sale was a key point on Mr. Dumas' agenda.

campaign on Capitol Hill to persuade the gov-

ernment to overturn the sale. While foreign ownership of U.S. defense-related companies is not unknown — the Japa-nese firm Fujitsu, for example, has bought up Fairchild — the Thomson-LTV deal is unprece-

#### Paris to Cut Total Stake

Compiled by Our Staff From Dispatches PARIS - The Finance Ministry announced

Friday that the government, stepping up the pace of privatizations, would cut its stake in in the state's share in Pechiney SA, the packaging company, and the sale in March of 2.3 percent of Total's rival, Società Nationale Elf

it needs to keep a controlling interest in Total. Selling 19 percent of Total would fetch 10 billion francs (\$1.8 billion), most of the extra 12 billion francs the government expects to spend this year to fight unemployment. (Reasers, AFP)

Thomson's American rivals in the bid for LTV — Martin Marietta Corp. and Lockheed Corp. — have mounted an intense lobbying Mr. Perrier said that Thomson, now the lead-

dented in its magnitude, the sensitivity of mili-

Total Compagnie Française des Petroles, the oil company, to 15 percent from 34 percent. The planned sale follows a cut this past week

The ministry said that the government, which controls 51.5 percent of Elf, no longer believes

Name:

Address

ing defense firm in Europe, recognized that its future prosperity hinged on getting a bigger slice of the American market.
Under the stewardship of Alain Gomez,

Thomson's chief executive officer for the past decade, the French firm bas slipped badly in

the field of consumer electronics under the

crushing weight of Japanese competition. But Thomson has thrived in the defense sector, where its radar and missile guidance systems have proved successful and lucrative. Thomson-CSF's specialized expertise in guidance systems has made it the world's num-

ber two manufacturer in the missile market with S1.7 billion in sales. The American company Raytheon, the maker of the Patriot missile, ranks number one with \$2.7 billion in sales. In an era of diminishing defense spending, Mr. Petrier said "the only survivors in the world

missile market will be those who can integrate and achieve economies of scale." He said LTV's experience in building good projectiles would provide the perfect complement to Thomson's skills in making sophisticated guidance sys-

Mr. Perrier said Hughes Aircraft had done virtually the same thing that Thomson is trying to accomplish by taking over General Dynamie's missile division. "And the price they paid is virtually the same — \$450 million — that we and our partners are paying for LTV." he said.

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# **O&Y Filing Keeps** Pressure on Stocks

Bloomberg Business News

MARKET DIARY

NEW YORK - Stocks declined Friday on a combination of concern about the bankrupicy filing of Olympia & York Developments Ltd. and some late computer-driven sell orders.

O&Y's filing triggered coocern about the banking iodustry. Several money center banks, including Citicorp and Chemical Banking

#### N.Y. Stocks

have loans outstanding of more than \$200 million to Q&Y.

The giant Canadian real estate developer is seeking to restructure about \$12 billion of its \$18.5 billion

The Dow Jones industrial average fell 15.79 points 10 3,353.09. The index dropped late in the day on computer-driven sell prders connected to the expiration of May's stock options and futures indexes.

The options expiration really knocked a lot off the market," said Robert Ritter, market analyst at Ladenburg, Thalmann & Co. "If it weren't for the late sell-off, the stock market held up pretty well considering the O&Y news.

Declining common stocks led advancing issues by 2 to 1. Trading was active, with about 192.04 mil-

lion shares trading hands, after 189 million Thursday.

Peter Canelo, investment strategist at County NatWest Securities. said, "Everybody knew the O&Y filing was coming, but it still had a negative effect oo the stock market, and especially bank stocks."

Citicorp declined 1/2 to 19%, Chemical Banking fell is to 37%. J. P. Morgan slid is to 55. Bankers Trust dropped 1 to 58% and Bank of New York declined 4 to 411/2.

International oil and retail store stocks also slumped as concerns about earnings hampered both groups. The concerns emerged when Exxon Corp. announced plans to eliminate more than 1,000 jobs in the United States. Exxon fell 34 to 5914. Chevron declined 114 to 66% and Mobil fell to 61%.

In the retail industry, Gap Inc., Nike and Tiffany & Co. were among the companies to report disappointing earnings this week.

Gap Inc. slid 314 to 34 on top of Thursday's plunge after the retailer reported disappointing first-quarter earnings that prompted analysts to cut estimates.

Nike declined 2% to 584 after the footwear and apparel company said 1992 earnings would fall on the low end of analysts' estimates.

### Rate-Cut Speculation **Pressures Dollar Lower**

Compiled by Our Staff From Disputches

NEW YORK - The Jollar finished lower Friday in trading on continued speculation about the possibility of further U.S. interest rate cuts in the near-term.

Traders said the U.S. currency failed to get a boost from a 0.5

#### Foreign Exchange

percent increase in industrial production in April and a 0.3 point gain in capacity utilization,

Instead, the market was awaiting more clues on interest rates and looking ahead to a meeting cext week of a key policy-making com-mittee of the Federal Reserve Board. Traders see a good chance of even lower rates.

'The sentiment was mixed today, with fears of a Fed ease and the moderately supportive indica-tors, but the dollar couldn't hold at higher levels," said Chuck Spence of First Interstate Bank

The dollar finished at 1.6100 Deutsche marks, down from 1.6130 on Thursday, and at 129.85 yea, down from 130.235. It also closed at 1.4845 Swiss francs, after 1.4740, and at 5.4030 French francs, after 5.4160. The British pound ended at \$1.8235, compared with \$1.8215. The Canadian gollar, which has

Tallen steadily from near 90 U.S. cents late last year, recovered to 83.19 cents on Friday from 83.13

Earlier, the dollar was lower in late European trading after a steady stream of selling by speculators and investment funds stripped away its overnight gains.

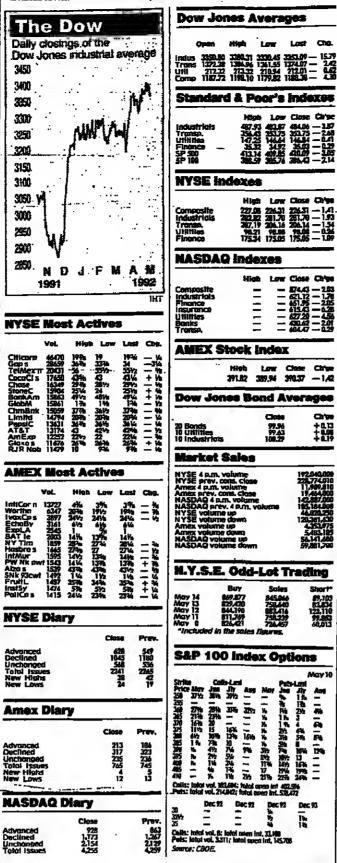
The stronger-than-expected U.S. industrial output figures provided only temporary protection in the tials that continue to weigh against the dollar, dealers said.

The dollar was quoted at 1.6065 DM at the end of the session, down from an opening of 1.6205 and down from 1.6135 at the close Thursday, 11 also lost ground to 129.80 yen from 130.55 and 130.35. The dollar had started well

enough as a U.S. money supply and consumer confidence data provided unexpected support overnight. But it quickly came under selling

The dollar dropped to 1.4795 Swiss francs from 1.4880 at-the start. It fell to 5.4125 French francs from 5.4225 on Thursday. The pound rose to \$1.8203, after

(Reuters, Bloomberg)



#### Gardini Launches Italy Food Venture

MILAN - Rant Gardini, the former chairman of Ferruzzi Finanziaria, said Friday he was returning to the Italian industrial scene with the launch of a new food group.

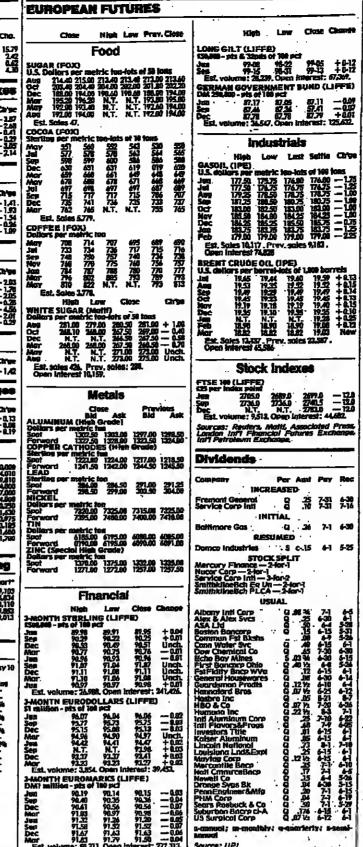
Mr. Gardini, who said more than a year ago he was turning his back on Italy, is teaming up with the former European chief of the U.S.-based foods group Quaker Oats Co., Giulio Malgara, Mr. Malgara's resignation from Quaker was announced earlier in London.

The new venture, to be called Garma, will have an initial capital of 200 billion lire (\$163.9 million), with the majority being held by the Gardini group, the statement said. The statement added that Garma intends to buy food "companies and brands appropriate to the weight of Italy in the single European market.

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Autos Spur U.S. Production by 0.5% WASHINGTON (Bloomberg) — The output of U.S. factories, mines and utilities increased in April for the third consecutive month and was driven mainly by increased auto production, the Federal Reserve System

said on Priday.

Although the 0.5 percent gain was stronger than auticipated, such a modest increase in industrial production is consistent with the first and starts characteristic of the early months of an economic recovery, analysis.

#### Alexander's Inc. Files for Protection NEW YORK (Renters) — Alexander's Inc., one of New York's older, and most troubled retail chains, shut its doors on Friday and fired more

The company said it had filed for protection under Chapter II of the U.S. Bankrupicy Code and would try to re-emerge as a real estate operating company.

Although it was no secret that the 64-year-old retail chain was in trouble, the swift move caught customers and its 5,200 employees at 11

Keating Family: First Guilty Plea

LOS ANGELES (NYI) — A sou-in-law of Charles H. Keating Ir.

pleaded guilty Friday to three federal frand counts in connection with the collapse of the Lincoln Savings & Loan Association and agreed to cooperate with prosecutors as they pursue their case against Mr. Reating.

The guilty plea was the sixth from executives and business associates of Lincoln, but was the first crack in what until now had been a united

Keating family defense against the charges in the case.

Mr. Keating and a son, Charles H. Keating 3d, still face an array of fraud and racketeering charges brought against them in a 77-completeral indictment issued last year. Their trial is scheduled for August in federal district court here. Mr. Keating was convicted last year on separate fraud counts in a California state court and is serving a 10-year.

#### Nike Says Earnings Will Disappoint

BEAVERTON, Oregon (Bloomberg) — Nike Inc., responding to analysts' concerns about corporate profits, said Friday that fiscal 1992 carnings would fall below many investors' expectations.

Analysis expected Nike to earn \$4.20 to as much as \$4.50 a share in fiscal 1992, which ends May 31. The company's earnings will at the lower end of that range, mainly because of high advertising expenses, said Philip Knight, Nike's chairman in domestic and international markets proportions us to accelerate cartain advertising and international markets

prompting us to accelerate certain advertising and infrastructure spend-ing plans, thus reducing our earnings in the near term," Mr. Knight said. "This decision will help secure future growth."

#### Exxon to Trim Staff by Up to 12%

HOUSTON (Reuters) - Exxon Co. U.S.A. said on Friday it would trim its salaried workforce by at least 1,000, or 10 percent to 12 percent of the total, in an effort to improve the company's efficiency and competi-

The domestic oil and gas division of Exxon Corp. said the cuts were part of an effort to cope with "singgish product demand, low oil and natural gas prices, and sharply limited access to the nation's best potential reserves."

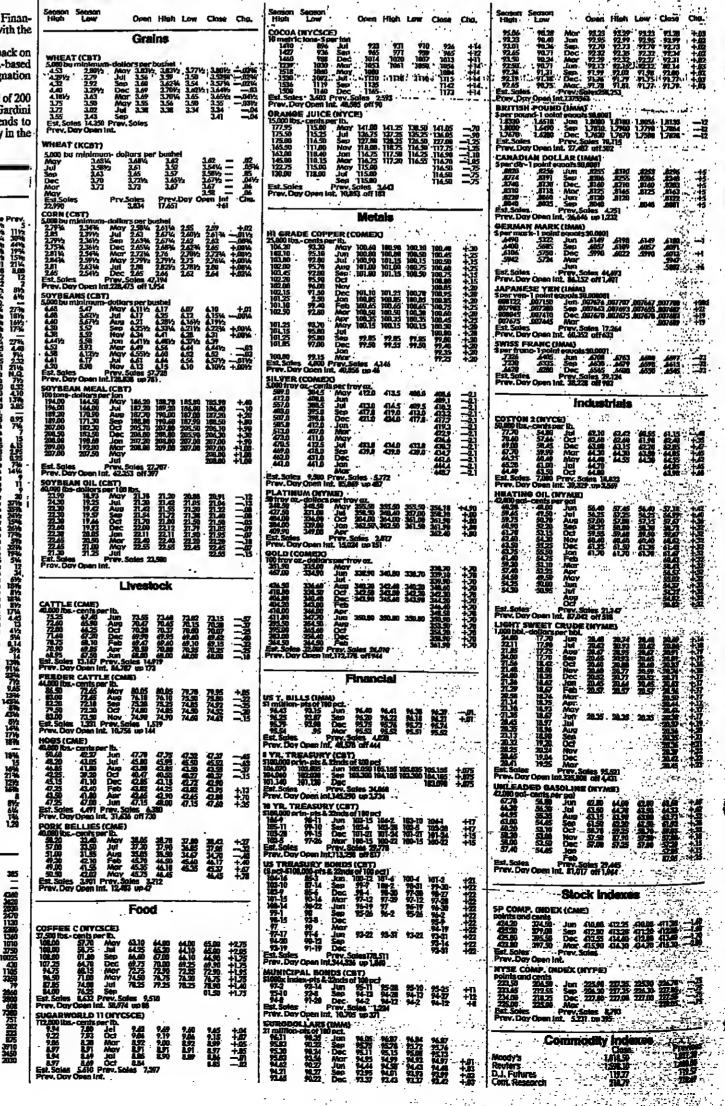
#### For the Record

Berieshire Hathaway Inc., the billionaire Warren Buffett's big investment company, said its first-quarter profit fell 46 percent on only a small gain in investments. Berkshire Hathaway said quarterly net income was \$67.4 million, or \$58.82 per share.

Donald E. Graham, chief executive of The Washington Post Co., said

advertising revenue has begun to recover slightly, but that it was too early

#### **U.S. FUTURES**



# WORLD STOCK MARKETS



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Losses Grow Prices Hit U.K. Rate Cut Hope

At Europe's Sharp Retail Rise Confirms Tough Inflation

the retail price index, jumped 1.5 percent in April in its affecting the annualized comparison.

LONDON -- Britain's main measure of inflation.

The rise took the annual inflation rate to 4.3 per-

Economists said the stubborn underlying inflation-

ary trend ruled out any further early cuts in interest

The retail price index boost was the biggest monthly increase since the introduction of the highly unpopu-

iar local government tax, known as the poll tax, or all

Inflation has edged down in Britain from an annual

rate of 10.9 percent in October, 1990, as the country's

longest industrial recession in 60 years squeezed in-

A Treasury statement said the April rise was due to

"special factors" and the underlying inflation rare should continue to fall in the coming months.

It said a large part of the jump was one to an across-

mortgage interest rates dropping our of the index.
The statement said Norman Lamont, the chancellor

the Exchequer, had warned in his March budget

the-board cut in poll-tax bills last year and a reduction

adults - now in the process of being scrapped

pushed it up three points in April 1990.

long downward trend.

dustry and consumers.

cent, from 4 percent in March.

Inc. Files for Protection Alexander's Inc., one of New York in the Alexander's Alexander's Inc., one of New York in the Inc., one

and would are to re-emerge as a major caret that the 64-year-old retail than an employees

f377 million (\$687 million), up from £358 million a year ago. Chairman Michael Perry said ully: First Guilty Plea A son-in-law of Charles H Kenny that although first-quarter sales rose 3 percent to £5.49 billion, opcrating profit dropped 2 percent The resear profit figure was

Savings & Loan Association and and a service federal fraud counts in connectional Savings & Loan Association and and a service from executives and business association are crack in what until now had been to assume the charges in the case. belied by a sharp fall in net interest pents to £43 million from £68 privates, we result of lower interest example the charges in the case.

There's H. Keating 3d, still face at the charges brought against them in a flow case. Their trial is scheduled for Age.

As Keating was convicted has face a California state court and is serving a fig. rates and a strong cash flow, which included the proceeds of recent dis-Although the results came in around the middle of market expectations. Unilever shares tum-hed 13 pence to 932 pence on the

rnings Will Disappoin are (Bisomberg) — Nike Inc., response a must investors expectations the the care \$4.20 to as much as \$4.50 a to the 21. The company's carnings will at the because of high advertising expense

ensen in domestic and international to are certain advertising and infrastructure.

im Staff by Up to 12% ... Exten Co. U.S.A. said on Follying

of Sy at least 1,000, or 10 percent to 12 and 1 company's efficiency and one

gas division of Excon Corp. said themse pe with "sluggish product demand lords of charges limited access to the manufa-

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Commodity Indexes

Law, officials said they could not gather enough evidence to incriminate the contractors, which included

renewed market."

construction companies on charges of rigging bids on public works projects north of Tokyo worth \$1 billion. yen (\$624 million). Although FTC investigators believed the now disbanded "Saitama Doyokai" had been rigging bids since 1988 in violation of Article 3 of the Anti-Monopoly

TOKYO - In a decision that elicited immediate

and harsh criticism in Japan, the Fair Trade Commis-

sion decided Friday not to criminally prosecute 66

Tokyo Will Not Fine Building Firms Kajima Corp., Taisci Corp., Tobishima Corp. and Kumagai Gumi Co. Instead, the FTC merely ordered the

companies not to rig bids in the future. Commentators on evening newscasts slammed the decision, saying the FTC's weak status lay behind the lax treatment of corporate criminals. The commission has been seen both at home and abroad as tacitly authorizing cartels and monopolistic behavior that

keeps consumer prices at exorbitant levels. The United States has been in the forefront of those prodding the FTC to crack down on collusive industrial practices, which have been considered a major structural barrier to trade.

had to step in to support the Cana-

in general, however, O&Y's ef-

analyst with James Capel in Lon- stander.

duced surprisingly few ripples in of millions of pounds into infra-the world's financial markets Fri-structure projects in the Docklands

forts to seek protection from its creditors in North America pro-

dian dollar.

# Japan Checks Up on Its Quality of Life

TOKYO - A government advisory panel on Friday unveiled a new set of indicators measuring national affluence and urged Japan to use them as a way to achieve a better quality of life.

an advisory body to the Economic Planning Agen-cy, said the new indicator, called the People's Life Indicator, measures affluence of the Japanese on

(Continued from page 1)

Jumping the queue," attempting

to sezze assets without regard for

The Chapter 11 filing in the United States may actually be a good thing for O&Y and the banks,

according to a banking analyst in London, who said he believed it

meant that "some ring fences will

The analyst estimated, however,

that the banks could still lose 20

percent to 40 percent on their loans.

the Canadian banks led by the Ca-

Hardest hit by O&Y's slide are

be going up around their assets."

the semonity of their claims.

nadian Imperial Bank of Com- sion by two government ministries, lands in a massive Thatcher-era inimerce. And there were rumors in -the Department of Environment the currency markets in London on and the Department of Trade and to see Canary Wharf, the center-Friday that the Bank of England Industry - to move in the project, piece of its Docklands Developtaking np 500,000 square feet (45,000 square meters) of space, ment Area, become a buge white

ment is politically in a tight spot

Having already poured bundreds "The government is caught between wanting to shore up Canary area, Mr. Jinks argues that the Brit-Wharf and having to be seen as getting good value for money on "It is a nonstory with regards to ish government, like the banks, can the banks," said John Phelps, an hardly claim to be a "passive byany space they take up at Canary Wharf," said Mark Callender, an economist with the investment And having encouraged private

On the other hand the govern-

In London, a long-awaited deci- developers to invest in the dock-

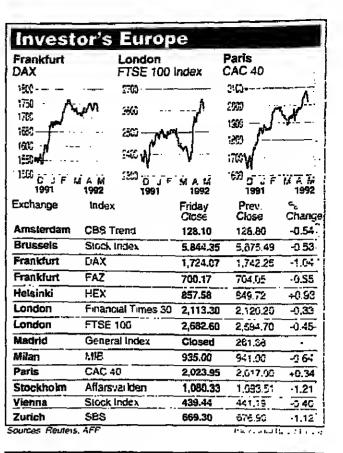
biggest monthly rise for two years, but the governmen! It added: "We are on course to meet the budget said on Friday it would soon resume an 18-monthforecast of 3.75 percent inflation by the fourth quarter of 1992. Underlying inflation should continue to fall

for a short time" because of such special factors

ever the coming months as declining producer price infiation feeds through." The headline figure was better than expected but even so the figures as a whole were disappointing.

said Gerard Lyons, chief economist at DKB The message is coming through that there is still some underlying stubbornness in inflation and there is no hope for a rate cut in the immediate future," be

Aoril's year-on-year Retail Price Index rate compared favorably with financial market expectations of 4.4 percent rise. But the underlying rate - the headline tate less mortgage interest payments — rose 1.6 percent to a disappointing 5.7 percent. "The 5.7 percent core rate compares very unfavorably with most of the other European Community Exchange Rate Mechanism members, so special factors or not, the data strengthen the argument against an early cut in base rates." said Jeremy Hawkins, economic adviser at Bank of America.



# **Dresdner Claims Strong Profit Rise**

DRESDEN, Germany - Dresdner Bank AG, Germany's second-largest bank, reported on Friday that business growth was good in the early part of this year, with profit up by more than 10

"We saw a double-digit profit increase in the first months of 1992." Chief Executive Wolfgang Röller told the bank's annual shareholders meeting.

Mr. Röller did not provide details. For all of 1991, the company posted a 14 percent rise in group partial operating profit, to 2.22 billion Deutsche marks (\$1.38 billion).

Mr. Röller said he expected moderate growth in business this year, with income from interest and services expected to develop favorably.

Addressing the question of the bank's relationship to the German insurance giant Allianz AG Holding, Mr. Röller said that Dresdner intends to remain independent. "We are and will remain an independent bank,"

he said.

The German cartel office is examining whether Allianz, a major Dresoner shareholder, can exercise control over the bank.

The cartel authorities also have called for Al-lianz to reduce its 22.3 percent stake in Dresdner to some 19 percent. The bank in num owns 10 percent

Both Dresdner and Allianz are defending themseives against the cartel office's claim that their tiaks give them an unfair competitive advantage,

They have both described their relationship as a way of strengthening their respective positions for a European single market.

#### Very briefly:

Investor's Asia

Index

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Kuala Lumpur Composite

Hang Sena

All Ordinaries

Composite Stock

Weighted Pnce

Composite

NZSE-40

Stock Index

National Index

Hong Kong

Hang Seng

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Exchange

Singapore

Sydney

Seoul

Taipel

Manila

Jakarta

**New Zealand** 

Very briefly:

• Bulgaria and its creditors failed to agree on proposals for solving the country's \$10 billion foreign debt problem, officials said in Sofia, but a compromise still appeared possible during more talks next month.

· Belarus will introduce reusable coupons next month as a parallel currency to supplement the ruble, the ftar-Tass press agency said; the coupons, which will be printed in Russia, will be exchanged at a rate of 10 rubles for one coupon and will be used mostly to buy food.

 British Steel PLC will close its giant Ravenscraig plant and related Hunterston port terminal in Scotland ahead of schedule on June 27 instead of in September as planned; about 1.200 jobs will be lost.

Pinault SA, which acquired Au Printemps and Conforama earlier this year, said sales in the first quarter soared to 17.9 billion francs (\$3.2 billion) from 7.8 billion francs a year earlier.

 Mannesmann AG said group net profit in the first quarter was below last year's level, although it did not give figures, despite 25 percent growth in sales; it said profit was burt by its venture in mobile telephones.

 Puma, the German sporting goods maker, said group net profit in 199 amounted to 497,000 Deutsche marks (5308,500), after a loss of 9.4, million DM the year before; it said its new products and a better marketing strategy would keep it in the black in 1992. Reader, Bhamberg

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#### **Bad Year at Japan Brokers** Riding Out More Cuts May Be Needed to Restore Profit

Air Carriers

BRUSSELS - The Association

of European Airlines estimated on

Friday that its members had losses

of almost \$1.3 billion in 1991, and

the organization's chief executive

forecast fresh job cuts this year to

The association said in its annual

report that the provisional 1991 re-

1990, showed the slowness of re-

covery in passenger traffic after a

The association, whose member-

ship rose to 23 in January with the

admission of Balkan Bulgarian Air-

lines, said its members made record

workforce cuts last year, reducing

jobs by more than 12,000 to

The association's secretary-general, Karl-Heinz Neumeister, at a

news conference to release the re-

port, forecast that job cuts would

continue this year but gave no fig-

Association members saw their

worldwide passenger traffic fall by an unprecedented 6 percent and air

freight traffic was down by 3 per-

Measures introduced by most

airlines last year reduced the break-

even load factor - the percentage

of seats on flights that must be

occupied to cover costs - to 66

percent from 69 percent in 1990. But the actual load factor was

also down, falling more than two

percentage points to 64 percent.

The report showed that 19 per-cent of the association members

European departures were delayed

by more than 15 minutes in 1991.

improvement in punctuality was

welcome, a surge of delays in June

and July last year again highlighted problems of congestion linked to

inadequate infrastructure

The report said that, while any

41.000

massive fall during the Gulf War.

alt, following a \$1.5 billion loss in

reduce costs during the recession.

Compiled by Our Stuff From Dispatchet

Unflever Profit Rises.

LONDON - Unilever PLC, the

Anglo-Dutch consumer-products

group, said Friday that pretax prof-it rose 5 percent in the first quarter

in rose percent in the inst quarter har that underlying profit slipped and hefty marketing costs. The company, which makes hirds Eye frazen foods, Persil de-

sergent and Flizabeth Arden cos-

metics, said pretax profit for the

first three months amounted to

**But Costs Remain High** 

Fiat Cuts Dividend 37%

MILAN — Fiat SpA announced on Friday a 31 percent fall in net profit for 1991 and an even bigger cut in its dividend, but the stock

market and analysts appeared relieved the news was not worse.

Net profit dropped to 1.1 trillion lire (\$906 million) from 1.6 million a year ago. Fiat cited tougher competition in cars, a sector that accounted for around half of its 56 trillion in sales and where

Fiat, Italy's biggest private company and Europe's second-biggest carmaker; also said it was cutting its ordinary dividend 37 percent, to 230 line a share. The cut was part of a cost-control drive and was also

dictated by the need to conserve funds for investment, Fiat said.

"It is a pretty reasonable performance really, and I don't think people could have expected the company to be more generous with the payout," said Michele Pacitti, an analyst with London broker

The results were released after the stock market closed in Milan

but Fiat shares rose to between 4,900 and 4,980 lire on London's

SEAQ market, compared with an official close of 4,810 lire in Milan.

profit slumped 48 percent to 386 billion lire.

County Natwest-Woodmac.

profit figure.

London Stock Exchange on con-

cern over the makeup of the pretax

New Court said that "most of the

gains at the pretax level came from

outside Europe and North Ameri-

ca, an area he termed "less predict-

32 percent rise" in sales volume

Mr. Perry said sales volume in

Europe fell compared with a strong

first quarter in 1991, particularly in

Germany. "Consequently, operating profit declined," he noted.

European results also were af-

European first-quarter sales fell

marginally to £3.24 billion, with

operating profit down 15 percent

In North America, sales in-creased slightly to £1.05 billion,

while operating profit rose to £17

million from a low first quarter 1991 base of £10 million.

at £260 million, Unilever said.

fected, he said, by Unilever's sale of

its 4P packaging businesses late last

Tim Potter at brokers Smith

TOKYO — A spate of scandals and a tumbling stock market produced one of the worst years ever

for Japan's brokerages, with three of the hig Four posting at leases on Friday.

ithe assistagas well as the brokerages forecasts for I might street and this year, came as no aurprise, analysis, said. But, buting the new profit largets will be hard, even with pay cuts announced by several of the firms, they added.

Hardest hit was Yamaichi Securities Co., which

in addition to a oet loss posted its first current loss since 1964, when the Bank of Japan orchestrated Daiwa Securities Co. and Nikko Securities Co.

also reported net losses, but were profitable at the current level, the most widely watched pretax profit measure. Only top-ranking Nomura Securities Co. remained in the black on both measures. Second-tier brokers were hit even harder, with 9

of 10 losing money. "Market conditions are a problem and recovering the public's trust is not easy," said Yasuhiro Mizunchi, vice president at Nomura. "Everybody in the industry is seeking ways to bring about a

The year that ended March 31 saw stocks in the midst of the worst slump since the market re-opened after World War II. That weakness, along with the slowing economy and financial scandals, drove investors from the market, drying up commission income and blocking new equity issues.

Daiwa and some second-tier houses were hit by extraordinary losses linked to tobashi deals, when they tried to hide client losses by shuffling them through many accounts. The president of Daiwa resigned in March over the deals. Last summer, the presidents of Nikko and Nomura resigned over inks to the underworld and compensation to major clients for trading losses.

The Big Four houses posted a combined current profit at the parent level of 20 billion yen (\$154 million) for the year, down 96 percent from the previous year, which itself was very weak.

Nomura said its current profit plunged \$1.1 percent to 44.1 billion yen, while net profit slumped 70 percent to 31.6 billion yen.

Daiwa's current profit plunged 92.2 percent to 9.3 billion yen. It suffered a net loss of 43.5 billion

yen, its first loss in 28 years, compared with a profit of 59.5 billioo yen a year earlier. Nikko's current profit fell 95.7 percent to 3.14 billion yen. Its net loss of 25.9 billion compared

with a profit of 39.7 billion a year earlier. Yamaichi's current loss of 38.5 billion yen was 13 percent bigger than its own projection. It swung to a

net loss of 53.2 billion from a profit of 38.6 billion. The Big Four forecast cumulative current profits of 187 billion yen this year. Top executives of Nomura, Daiwa and Yamaichi said they would cut management salaries by up to 20 percent and hire fewer staff. But analysts said the pay cuts were not very aggressive and said the brokers were counting

heavily on a market recovery. (Reuters, IHT, AP, AFP)

# O&Y Storm

HONG KONG - HSBC Holdings, a major creditor of Olympia & York Developments Ltd., will ride out relatively unscathed a storm whipped up by the crumbling property empire's plunge toward bank-ruptcy, analysts said Friday.

Hongkong & Shanghai Banking Corp.'s parent, which last month Midland Bank of Britain, is thought to be owed about \$700 million by O&Y.

The bank said that a large part of its exposure to O&Y was secured but that it would be "monitoring the position closely."

HSBC's share price, key to its bid for Midland, emerged relatively intact from oews that O&Y, the world's biggest property developer. had filed for bankrupucy protection in Toronto on Thursday.

HSBC shares closed 75 Hong Kong cents (10 U.S. cents) lower at 44.25 dollars Friday in a generally weak market.

Meanwhile, analysts said the Hong Kong property tycoon Li Ka-shing was expected to be among the first to line up for spoils from O&Y's empire when bankruptcy proceedings go through.

Mr. Li, through his flagship Cheung Kong (Holdings) Ltd. and an associated company, Hutchison Whampoa, is one of Hong Kong's biggest property developers and

# HSBC Seen S.A. Erewing Launches Merger Bid for Foster's

SYDNEY - S.A. Brewing Holdings ...td. launched on Friday a surprise 6 billion Australian dollar (\$4.5 billion) bid to merge with Foster's Brewing Group Ltd., the world's fourth-largest.

But analysts say success of the scheme, put forward by the South Australian company after two months of secret talks, is far from

The plan, which would create one of Australia's 10 biggest companies based on market capitalization is likely to encounter difficulties on monopoly grounds with Australia's Trade Practices Commission, analysis said.

Foster's itself has said only that the board would carefully consider the proposal, which requires shareholder approval. "I would be very surprised if

Foster's board came out and sanctioned it." said Rory McLeod at SBC Dominguez Barry Ltd. "It does not add any value to the business and it goes against their previously stated strategy," which was to be a single-purpose brewer. Foster's is the biggest brewer in

Australia with half the national beer market. S.A. Brewing is the country's biggest winemaker as well as having a manufacturing business and South Australiahased brewery with a 6 percent market share.

Under S.A. Brewing's proposal, its shareholders would receive one share in the merged company for each one belo and Foster's shareholders would receive one for every 1.5 held.

On Friday, Foster's shares rose 4 cents to 1.90 dollars, while S.A.

Brewing shares declined 12 to 3.07. Mr. McLeod, the analyst said the proposal undervalued Foster's, which he has valued at 2.66 dollars a share, compared with its close of

The proposal iovolves the merging of the two companies with no eash outlays by either company and therefore no equity raising. said Ross Wilson, S.A. Brewing's managing director and chief execu-

The merger will provide substantial benefits to the shareholders of both companies and create a major Australian manufacturing company with an excellent business portfolio and significant financial strength to enable it to compete in international markets,

The deal could belp alleviate the debt problems of Foster's largest shareholder, International Brewing Ltd., which bas 37.75 percent of Foster's and is owned by the brewer's former chairman, John Elliott.

INL International Brewing also owes I billion dollars to Broken

comment Friday.

Allan Fels, chairman of Australia's antimonopolies body, said the merger would present some diffi-

banks, especially Canadian Imperi-

al Bank of Commerce, have refused

to extend more cash to Olympia &

York, pressing the Reichmanns' to

Kevin Choquette, First Boston's banking specialist in Toronto, esti-

mates that Olympia & York owes Canadian banks \$3.3 billion, or

about one-quarter of the disputed

debt, and that they could digest a

complete loss with barely a hiccup.

That sum represents only 13 per-

would mean only a loss of about 7

percent of their capital after taxes.

In addition, he said, Canada's

hanks have a surplus of \$1.6 billion

Moreover, he said, the Canadian

in their fund to cover had debts to

banks sold off a lot of their less-

secured loans to foreign banks, sav-

tog the better collateralized paper

and Japan, and they now will pay

the price for their eagerness to get a

manns when they were riding high

"This is not a major disaster, al-

though it sure doesn't help the world

economy," said David Wyss of DRI/McGraw Hill, "It will burt

bank shareholders, but banks are

not doing much lending to commer-

cial real estate anyway, and that

means that the construction that has

provided 10 percent of new jobs in

previous recoveries won't be there."

less-developed countries.

The Reichmanns' two major cent of the banks' equity, which

seek hankruptcy protection.

Japan to start an overseas telecommunication business in eastern Russia. culties but the Trade Practices Commission would not "shut the

# • Toshiba Corp., Japan's second largest electric machinery maker, is

continuing talks to cooperate with the U.S. electronics firm General Instrument Curp, to develop and sell digital-type high definition televisions in the United States and perhaps Japan. • Du Pont Co. of the United States sued Kyoto Elex Co., a Japanese

• Jardine Matheson Holdings Ltd. led a consortium in a formal submis-

sion to the Hong Kong government on a bid for the next local container terminal at the Kwai Chung container port.

Daiichi Housing Loan Co., one of eight housing loan companies accredited by Japan's Finance Ministry, said it would seek financial help from Nomura Securities and Long-Term Credit Bank of Japan.

• KDD, Japan's top international telephone firm, said it would establish a

joint venture with Interdaltelecom of Russia and Nissho Iwai Corp. of

electronic parts maker, for alleged patent violation. • Wing On International Holdings Ltd. of Hong Kong reported that its net profit rose 6.2 percent in 1991, to 177.1 million Hong Kong dollars (\$22.7 million) from 166.8 million in 1990.

 Taiwan's Board of Foreign Trade announced plans for a drive to expand imports of U.S. goods: American suppliers will be given priority as Taiwan increases purchases of foreign equipment and materials for its six-year, \$300 billion economic development plan.

Bleomberg, AFP, AP, Reuters, UPI

#### CANADA: Is the Worst Over?

(Continued from first finance page) down more than 16 percent from a February high of 33.87/2. Fears of how many dominoes will fall bave increased difficulties for companies trying to raise money, especially in the commercial oaper market.

"Commercial-paper investors are especially sensitive to credit quality these days," said lhor Kots, managing director of the Canadian Bond Rating Service of Montreal. The tone of the market is impacting those companies tending to see weal.ening profitability."

Among companies that have had trouble in the market or reduced their commercial-paper programs are Trizec Corp., a real estate company partially owned by the Reichmanns, with 11.9 billion Canadian dollars of property in Canada and the United States. Besides the Reichmanns, the brothers Peter Mazankowski, and Ontario tres-

Resources of Calgary, a leading oil company controlled by the Reichmanns, and Markborough Properties Inc., a Toronto-based property company unrelated to the Reichmanns. Smaller businesses are complaining that the commercial banks, to

offset possible losses on their loans

to Olympia, are raising fees, tightening credit availability and making life harder for the little guy. The Ontario provincial government and the federal government in Ottawa seriously weighed stepping in with guarantees for Olympia but feared a political backlash.

Neither could reconcile a special bailout of the wealthy family with recent budget calls for generalized belt-tightening. [Canada's finance minister, Don

and Edward Bronfman own a con-surer Floyd Laughren on Friday trolling 40 percent block of Trizec. reaffirmed their decisions not to Other companies that have had aid Olympia & York and to leave it problems in the commercial-paper to sort out its problems with credimarket include Bramalea Ltd., a tor banks, Bloomberg Business Toronto-based property company News reported from Toronto.]

A subcommittee of the National Life Council,

the basis of their activity in eight areas, such as housing spending work, study and play.

Using criteria of security, freedom, comfort and fairness, the first set of PLI data showed the

Hokuriku region, a part of central Japan along the Sea of Japan, generally scoring the highest mark.

T think the new indicator will help change for the better people's perceptions about affluence," said the Economic Planning Agency minister, Takeshi Noda. The PLI will be released once a year.

could save the development, two-

fifths of which has yet to be leased.

cent stake in the business in five

LONDON: 0&Y Struggles to Stay Afloat in Britain and Avoid a Sell-Off tiative, the government is oot eager

Property Databank.

healthy enough to report an increase in earnings. Citicorp said it wrote off \$100 for themselves. Many of these million O&Y loans in the first banks, he said, are in the Far East ouarier. Canadian banks are even better

bearable for them."

Sinclair of the Canadian Bankers

The Canadian Finance Ministry confirmed that it bad not received any requests for heip from the four major banks that dominate the

1.90. "I don't really consider it the right price." he said.

be said in a statement.

On Friday a bank deadline passed for Mr. Elliotr's company to submit a restructuring plan for 2 billion dollars of debt built up during his 1989 takeover bid for Foster's, which was then called Elders

Hill Propriety Co., Australia's largest company.

Mr. Elliott was not available for

#### **O&Y:** Banks and Markets Were Prepared for Filing years' time in exchange for a debt This helps explain why the

ready refused.

freeze, an offer the banks have al-

banks were well prepared for the

Reichmanns move.
"For once," said Thomas Han-ley, senior bank analyst at First

Boston Corp., "the American

banks doo't have outsized expo-

sures. The banks would not have

forced Olympia & York into this

unless they knew the pain would be

New York lenders are Citibank.

lapse, and the bank was still

Both American and Canadian

#### (Continued from page 1)

lines to deal with their lenders. They are saying that a bankruptcy filing in the first weapon in their arsenal if the banks don't cooper-

atc.
"Ultimately what will happen is that all the bankers, all the rest of the lenders and everyone else will sit down in one room and work out how to deal with this in a sensible fashion. What will probably emerge is some different corporate structure that will be controlled by the Reichmanns, with the creditors bolding an interest."

which announced it bas \$380 mil-In its Toronto filing, Olympia & York offered the creditors a 20 perlion in loans, and Chemicai Bank, with \$125 million. Chemical aunounced at the end of its first quarter that it had set aside funds in case of an Olympia & York col-

prepared for the hit said Helen piece of the action with the Reich-

Association, "because we are well in the 1980s. capitalized, probably the best in the world." "We woo't have a credit crunch bere when this bas been resolved."

> she said. country's financial system.

Funds to Fall Back On:

A Bear's Eye View

### FIRST COLUMN

# A High Cost For Low **Inflation**

EW people in the industrial world would wish a return of the runaway inflation that plagued it in the late 1970s. Rapid increases in the prices of such necessities as fuels and food eroded purchasing power at a frightening rate and helped build the political support for the inflation-squeezing spearheaded by Paul Volcker at the Federal Reserve and followed

by his counterparts elsewhere. The fight against inflation was pursued throughout the 1980s, becoming the predominant goal of governments and central banks.

But when does the undeniable wisdom of

maintaining the value of currencies harden into a conventional wisdom that can stunt economies? Might it be time for the policymakers of the world to admit that inflation is no longer the chief enemy of prosperity?

The thing to remember, as recounted in these pages this week, is that both inflation and deflation involve a transfer of wealth. When prices of things are rising faster than the price of money, otherwise known as interest rates, borrowers benefit through the appreciation of their physical assets. When the reverse is true, the lenders are the winners. Do you bear echoes of the rich getting richer, for it is they who can lend, and the poor (or middle class, or even manufacturing businesses) getting poorer, for it is they who

must borrow That leads back to one of the favorite themes of the hour, the distribution of wealth. Just as it may not be possible to consign the people of south-central Los Angeles to falling incomes and collarsing lives without visiting havec on the rest of the ciry. for the sake of the commonweal it may not be wise to keep pressing on prices when that suits rentiers but destroys jobs and the value of people's homes.

To bring about lower interest rates, of course, it's not enough for governments to lean on central banks. Budget deficits must be cut so government borrowing can be rolled back, and both the United States and Germany need to work much harder in this area.

But above all everybody, especially Germany, needs to remember that while staking everything on the fight against inflation is often a good idea, sometimes it isn't. By Conrad de Aenlle

NVESTORS who feel the stock markei has gotten ahead of itself must confront two tidbits of conventional wisdom before they sell: Stocks out-perform bonds and cash in the long run (this is true), and it is always a good idea to keep some portion of assets in equities (this may be true, and many analysts believe it. although there's no way to prove it).

Equities should always be the biggest portion of a youngish person's portfolio," advised Stephen Leeb, editor of the newslet-ter Personal Finance. With world markets frothing, he added, stocks should "still be the biggest holding, but less than at any

Ken Weber, editor of Weber's Fund Advisor, said. "I'm really a nonbeliever in buy and hold; buy and hold can be disastrous. But ne added: "As long as you're well diversified, there's nothing wrong with keeping a portion of your money in a top-quality mutual fund at all times, but you should be prepared to move the bulk of your money as market conditions change."

Investors who accept those arguments might want to start looking for equity funds that stand a better chance of beating the pack should the worst happen - in other words, funds that ought to fall gently while others send their sweating shareholders out

to perch on ledges.

The first step, Mr. Leeb said, is to look for funds that weathered prior downturns in relatively good shape. The research firm Micropal was asked to find just such funds. those that performed best in dollar terms during the three bear markets of the last 20

Performance was measured from the highest month-end close of the Morgan Stanley World Index to the lowest. The three periods studied were Februar 173 t. September 1974, when the Morg 1975 idex fell 43.4 percent: August to October 1487, with an 18.7 percent drop, and July to September

1990, off 19.3 percent. The best of funds during the worst of times prove to be a hodgepodge of different objectives, investment sectors and domiciles. In the case of the 1990 decline, hedgepodge is more like it. Three of the top funds were hedge or short funds, including the best, the offshore Alpha Short fund.

Actually, considering that the managers and shareholders of that kind of fund live and die waiting for markets to plunge, the

best fund was not all that good. Even though Alpha Short gained 15.52 percent, that was less than the fall in the Morgan Stanley World Index, so it underperformed during one of the rare market declines of the last

The most conspicuously successful group of conventional funds in 1990 was precious metals, with four of the top 20. In 1987, Far Eastern funds predominated, also with four of the top 20, and in the early '70s bear, it was German funds, with 15 of the top 20. The DAX index of German shares fell 31 percent then, but that was far less than most

other markets during that miserable time.
The fact that there was no consistency in the groups from market to market, and indeed no fund in the top 20 in any period ppeared during any other confirms Mr. Leeb's second piece of advice for surviving a selling assault: Avoid sector funds.

"You want something with broad boldings," he said. "You don't want something that outperforms because they're in the right place at the right time, but because they have a conservative strategy." Sure, some sectors will be standouts, but it's hard to know ahead of time which they will be.

Nigel Sidebottom, associate director of the London brokers Gerrard Vivian Gray. disagreed, however, and said that gold or mining shares provide "a classic hedge against collapse in equity markets, although recent years it has been disappointing. He said an attractive fund that invests in mining shares is Mercury Golden General.

One way to make a safer choice, analysis emphasized, is to look for a fund with consistent management. The main thing is to look for a portfolio manager who's been with the fund for four or five years," Mr. Weber said. "If his record

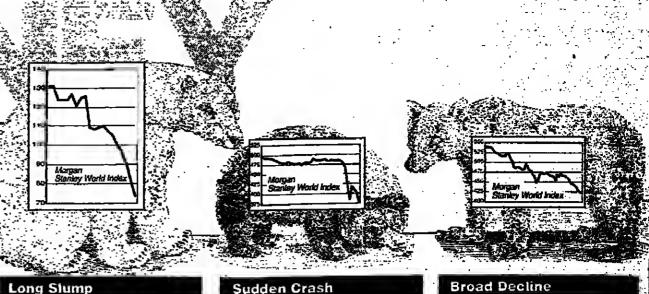
is a good one, you might want to stick with that fund." He said the choice of manager is more important even than the type of fund: "Per-

formance is key. If a particular portfolio manager has done well over three to five years, you want to stick with that person regardless of what his style may be."

An example be gave is Morris Smith, who took over for Peter Lynch at Fidelity's Ma-

gellan fund. The problem is that just when Mr. Smith was starting to hit his stride, he strode out the door. But Mr. Weber finds his replacement, Jeff Vinik, an acceptable substitute that meets his criteria for solid, consistent management.

"Magellan is probably a good bet for many buy and-bold-people," be said.



Start: March, '73	End: Oct.	1, '74
Valua of \$100, Income n	sinvested, excl	uding
Funds	Area cha	rges.
international investors	United States	166.86
Gerting Dynamik Fonds	International	114.09
Kapitalfonds Spezial	International	96.56
Mutual Shares Fund	United States	94.38
Wade Fund Inc.	United States	93.60
Vermoegens-Aufbou-Fonds	International	929
AriDeka	Бигоре	92.42
Dit-Fonds E. Vermoegers.	Germany	91,20
Ft Amerika Dynamik Fonds	United States	91.11
Bordays Unicorn Special Sits	United Kingdom	90,77
Oppenheim Privat	Germony	90.36
At Interspeziel II	international	89.89
Nero Fonds	International .	B9.64
Ft Interspezial	International	88.22
Deutscher Vermoegens.	International	86.47
Adiverto	Germony	86.43
UniFonds	Germany	86.04
Neuberger Portners Fund	United States	86.03
Investo	Germany	85.58
DekaFonds	Germany	85.34

Sudden Crash Start: Sept. 1, '87 End: Nov. 2, '87 Value of \$100, income reinvested, excluding Tsb Island Persion Morgan Grenfell Jap Small Cas Japan United Kingdom 112.24 Swiss Life Equity United Kingdom 110.81 Cannon UK Capital Growth United Kingdom 110.67 United Kingdom 110.57 Royal Life Intl UK Equity 110.25 Formosa Fund For East Eac. 110.20 Mercury lit Pocific 110.05 Royal Life Intl Europe 109.47 United Kingdom 109.34 Temple Bar Smaller Co 109.18 Target Ivory Growth 106 18 105.65 Nihanbishi Fund 105.10 Wellington International 104.72 Harsard European Managed 104.66 Morgan Grenfell O'seas As 104.22 103.95 Adons & Neville Copital

Start: Aug. 1, '90	Ends Oct 1 100
Value of \$100, income n	
Funds	Area charges. North Americo 1(5-7)
Alpha Short	
Alpha Tisdale	North America 111.13
Gam Selection	United States 106.85
Cmi Gni Japanese Equity	Japan 10678
Waverley Australasian Gold	Australia 106.72
Rainbow: Excellent	international 106.70
Putnom Premier Inc Closs A	laternational 105.81
Gartmare Phoenix	International 105,58
Putnam Premier Inc Class B	International 105.30
Nicholas-Applegate Aurelia	North America . 104.95
Nicholas-Applegate Hedge	North America 104.69
Key Hedge Fund	North America 18425
Orbis Leveraged Equity	International 164.10
Mosais Actions Nord-Americ	North America 10000
NVESCO Gold	International 10378
Orbis Optimal Equity	International 103.62
Prov Capital Gold Trust	International 103.35
Blanchard Prec Metals	United States 103:35
Bigs Fund	France 103-19
	International 102.99
Multigold S.A. (m)	PRESIDENTAL TUEST

Mr. Weber warned that fund companies don't always announce when a manager is leaving, so shareholders bave to stay on their toes. He noted that managers at certain families, such as Twentieth Century and Value Line, must adhere to a set of concrete principles, making for less variation in management style. But that still allows for wide variation in performance.

The more conservative Twentieth Century Select, for instance, "will lose less than sib-

ling Twentieth Century funds and rise less in

a buil market," he said. For example, the family's highly ranked Ultra fund, which

invests in small- to medium-sized companies in industries such as biotechnology, has lost

more than 20 percent of its value over the

last three-plus months, as smaller compa-nies share prices have fallen somewhat while

U.S. blue chip stocks have been flat to slight-

James Stack, editor of InvesTech Mutual Fund Advisor, has said that when the next bear market hits, Ultra will lose 60 percent of

Paribos Rente (m)

Investors might look for equity funds that stand a better

chance of beating the pack should the worst happen - in

other words, funds that ought to fall gently while others

send their sweating shareholders out to perch on ledges.

In the May 8 edition, he wrote: "This relatively mild correction has provided the novice mutual fund investor with an unsavory taste of risk. What goes up fast also comes down fast

One reason funds reverse course in a hurry is they are overvalued by such traditional measures as price/earnings ratio. Another way to cushion the blow in a downturn. Mr.

Leeb said, is to look for funds with P/Es

below average for the market. Examples of funds that fit that and his other criteria are Fidelity Balanced, USAA Mutual Income Stock Fund and Pax World, which he also likes because it doesn't buy shares in compa-

nies that do nasty things like self cigarettes.

Risk, and how much of it an investor can

stand, is the key to choosing a fund, the

analysts say. For those who can't stand

much, maybe a fund with bonds and cash,

mixed in with equities, is more suitable.

"It comes down to the individual's risk tolerance," Mr. Weber said. "If if you're a risk-averse investor, you want to go for a belanced fund. Two he mentioned are Lindner and

Lindner Dividend, which have strong bond Mr. Sidebottom had some more exone

tonics for cutting risk. One is futures and "Clearly this type of fund has got as much chance of making money in a rising market as a falling market," he noted "Riere's-a

catch, of course. They've got to get it right they've got to judge the market correctly. It's a high-risk business. You can do extremely well or extremely badly." The other type of vehicle is funds that invest in Third-World, or emerging, markets: "The reason here is emerging markets are volatile and risky markets, but there isn't

a strong correlation with mature markets like the U.S. Britain and Japan. It's mite a good way of reducing volatility by having them in a larger portfolio." Two he cited are Templeson Emerging Markets and Genesis. Worldwide Emerging Markets. No matter what variety of fund is chosen, Mr. Weber stresped, You have to pick stimething you understand, that makes sense: to you, that has done very well over a period of time, then stick to that."



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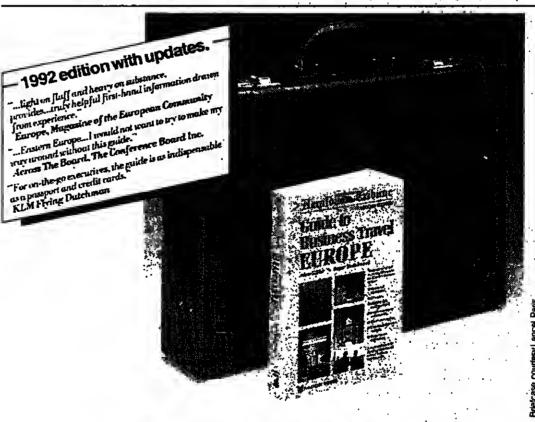
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#### THE MONEY REPORT

# Strategies for High, Low, or No Inflation

By Barbara Rosen

ITH the labor unrest in Germany highlighting inflation fears, it's easy to forget that the industrial world is a long way from the double digits of yestervear, indeed, some experts argue that given the narrow range in which inflation is moving, it's playing less of a role in investment decision-making than it used to.

But others note that 3 percent is nothing to sneeze at. Or that when people start talking about 2 per-cent, it's time to look at what happens at zero. Whatever size the moves projected, it's still wise to keep an eye on the CPI.

Germany's immediate situation aside, medium-term forecasts call for overall European inflation to at least steady, and maybe fall fur-ther. "The general trend for inflation is downwards" in Europe, says Marcus Grubh. European equities strategist at UB5 in London. Compared to previous periods, we are likely to be in a lower inflationary decade, certainly in the early part of the '90s." Morgan Stanley's global strategist, David Roche, sees disinflationary potential in most European countries: Morgan 5tanley projects a weighted average lev-el throughout Europe of 3.8 percent this year, 3.3 percent in 1993. Meanwhile, though no one fore-

sees double digits anywhere in the industrial world, experts do talk of the U.S. rate ticking up. Projections for average U.S. inflation range from 3 to 3.4 percent for 1992, 3.1 to

Diego Veitia, chairman of Veitia & Associates, a Florida-based global money manager, sees a 15-percent chance of U.S. inflation touching 5 percent sometime in the next three years, assuming no change in

Over one month to May 1, 1992

Argentinian Inv Baring Puma

Schröder Latin American GT Latin America

GT Chile Growth Barclays ASF Hong Kong

Thomton American Smaller Cos

Calonial Securities Hong Kong

Gartmore Hono Kong Echroders Asia Hong Kong

Haring Hong Kong CIBC-CEF Hong Kong Warrant

Fidelity Fds Hong Kong Thornton Hong Kong Gateway

Hoyal Life/Baring Hong Kong Fidelity Select-Automoty CU PPT Hong Kong Mercury ST Hong Kong Fidelity Select-Reg Banks

SP International SA Barclays ASF Hong Kong Perpetual Offshr UK Growth

GAM Overseas
GRE Income
Clerical Med Retirement Inc
F&C UK Income
BWD Equity Income
NPI UK Special Opps
Fidelity Income Plus

Swiss Life Proteus UK Equity Semper Eadem Sector Recovery

Kleinwort Benson UK Equity Gro

Standard Life UK Eqty Hi Incom

Over five years to May 1, 1992

Morgan Grenfeli Japan Small Cos Colonial Securities Hong Kong Financial Strat-Health Sc Mercury Metals

Garmore Hong Kong
Wardley South East Asia
North Stair High Performance
Abtrust Far East Emerg Economs
North Star 2nd High Performance
Baring Octopus
CT Newly Industrised Countries
Emitaga Selz
F&C US Smaller Companies
En

Fidelity Advisor Eo-Grih Putnam Emerging Health Science

Tyndail Tiger Baring Hong Kong Schroders Asia Hong Kong Aliiance Health Care Fidelity Select-Medical

Metropolitan UK Income M&G Equity Income CU Equity Income Clerical Med Special Sits

Mayflower Income Baring Tristar Warrant M&G Midland & Genl

GNI Spread

Formosa Fundi

GAMUT Investments TSB Island Pension

Taipei Fund NAV

Gartmore Hong Kong

Thornton Philippines Redvipmnt CU Quiter Income Brown Shipley High Income GAM Overseas

Over one year to May 1, 1992

Five Arrows Chile Mexican Investment

TS3 OIF Pan American

Geriesis Condor Medican Horizons

control of the White House or Con-gress. In an America that feels com-that the inflation-adjusted earnings Goldman Sachs in New York. fortable with a core annual rate of 3 percent emerging from recession. he says. "We do not see any possibility of inflation going down."

The guidelines for inflation in-

vesting have as many exceptions as rules. And, obviously, they change significantly with the degree of movement anticipated. That said.

experts do offer some advice.
GOING DOWN? If inflation is falling, the experts say, you go into government bonds and selected equities of the most disinflationary countries, and away from commodities and cash.

In a disinflationary environ-ment, explains Richard Davidson,

per share underlying equities will grow 8-9 percent across Europe in 1992 and possibly more in 1993. compared to a decline of 8 percent in 1991, and of 25 percent in 1990.

Specifically, disinflation can be good news for interest-sensitive stocks like banks and insurance companies - those for whom lower interest rates mean lower costs of doing business.

"In a disinflationary environment, pharmaceuticals is an exceilent sector to look at." Mr. Grubb adds, explaining that thanks to typically longer-term contracts that lock in prices, drug companies tend

Should Germany achieve 2 percent inflation, the Bundesbank would have 'the power to cure European inflation like the guillotine cured Marie Antoinette's migraine.

who covers European equity markets for Morgan Stanley, govern-ment bonds and equities tend to outperform cash. Bonds benefit from expectations of lower inflation and lower interest rates. Equi-ties benefit because disinflation smooths out booms and busts.

These days, despite lower nominal earnings growth resulting from the relatively slower economic growth that accompanies low and falling inflation, "in real terms you're actually getting more earnings in most European equities markets than you were in the 80s." says Mr. Gruhh of UBS. He projects real earnings growth beyond 1992, citing a relatively low oil price, increased productivity, reasonable economic growth and low-

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in outperform as inflation falls and underperform as it rises.

GOING UP? If you expect inflation to rise significantly. Mr. Gruhn says, in theory you get out of government bonds, where prices would be expected to fall as interest rates rise, and into cash, to take advantage of higher short-term rates. And you get into cheap equities, as an inflation hedge and a participant in economic growth.

Mr. Veitia says most good U.S. mining and metals stocks offer "the best of both worlds." They are in a recovery sector, and offer the classic commodity hedge against inflation. "If there is any risk at all that inflation is going to come back then you those companies best able to in-probably want to hold some" com-crease profits by gaining volume.

A basket of money - European currency units plus the yen - has to some extent been replacing commodities as an inflation hedge, Mr.

Veitta adds. In the old days, fears of substantial inflation spikes sent investors into hard assets like property and gold. "That would probably only come back into fashion if inflation got back up into the teens again," says Alastair Ross Goobey, chief investment strategist at James Ca-pel & Co. in London.

GOING, GONE? Should Germany ever achieve 2 percent infla-tion. Mr. Roche says, the Bundes-bank would have "the power to cure European inflation like the guillotine cured Marie Antoinette's migraine." Though few experts believe any government would pay the political price of stamping out those final few points, the words "zero inflation" are being heard.

"If you were predicting zero infla-tion, you probably wouldn't want to hold commodities." says Mr. Bul-chandani. "You'd try and find the central bank in the world with the strongest commitment to low inflation and try to hold their bonds."

En route to zero, Mr. Veitia says, you'd follow the rules for disinflation. At a zero level likely to last, he says, "You would go to 100-percent invested in the best equities that you could find anywhere," counting on good economic planning and avoid-

ing the low returns likely in any interest-yielding instruments. Mr. Roche, however, warns that you'd want to steer elear of most equities. "The price of zero percent inflation is obviously going to be very low economic activity." he says. If you were in any equities, Mr. Davidson adds, you'd stick to

#### German Output: Holding Up So Far 1.160 t 080 ... OUTPUT OUTPUT OUTPUT & 186 '87 '87 '89 '90 '91 187 189 190 191

# **Asset Plays Start to Look Up**

By William Ellington

or property, have sometimes produced losses in recent years because they have had to write down the holdings' value.

But having written assets down, these companies may start to write them up in coming years. This is because asset valuations are influenced by monetary conditions, which in most places are changing towards easing, with Germany an

'An easing of credit is under way but the response will be very slug-gish to start with, says Tim Congn, an economist at Lombard Street Research Ltd.

By and large, companies with holdings of tangihle assets have re-lied heavily on debt to finance their holdings. Thus, the adverse impact of high real interest rates — the difference between nominal interest rates and price increases as measured by inflation — has produced financial strains.

As the era of high real interest rates draws to a close, companies with large holdings of real assets should be worth increasingly more. But these pending asset valuation increases have not yet been fully reflected in rising share prices of

commodity-rich companies.

The explanation of why high real interest rates will diminish, if not disappear for a time, involves common sense as much as economics. Real interest rates involve a trans-fer of purchasing power from the borrower to the lender. If a lender receives 8 percent after one year and prices rise by 6 percent in that year, he will be able to acquire 2 percent more goods at the end of

Such a small transfer of buying power is hardly shattering, but if it occurs year in and year out over a

William Ellington

decade or more the economic effects can be important. This has recently been demonstrated by rising unemployment, corporate failures and some spectacular real estate crashes OMPANIES with large holdings of physical assets, such as oil, lumber in the debt-prone English-speaking nations and in some Continental

European countries. The reason for the hardship of the past few years is that compounding real interest rates produce an exponential rise in the transfer of wealth over time. Moreover, economic misery worsens when production of goods and services fails to rise proportionately with cumulative real interest rates. In such conditions, rising interest claims on the economy are met with lower prices for goods and

Wealth transfers have not been

evenly spread. Instead, the burden

has been concentrated in industries

that use a lot of debt. As holdings of oil, metals, lumber and real es-

tate usually require a lot of finance

ing, it isn't surprising that their prices have been declining until re-

cently. For example, nominal oil prices declined roughly 40 percent in the 1980s, a decade of mostly

Compounding of high real inter-

est has gone on long enough to ensure that wealth transfers from

borrower to lender have become so big that neither the borrower or

debts have to be written off. Fur-

thermore, as economic activity has

slowed in recent years, the decline

in prices has left lenders with insuf-

ficient collateral for loans they

made. Because it has now become

necessary to protect creditors as

well as debtors from the effects of a

downward price spiral, monetary authorities in most industrial coun-

tries will keep short-term interest

rates near inflation levels until as-

vary from country to country. At the

The timing of such actions will

set values start to rise again.

ider comes out ahead because

high real interest rates.

U.S. recovery

pan are leading the way. With pound linked to the Deutsche mark, Britain hasn't yet been able to lower its interest rates below those of Germany because of womes about keeping the pound stable. Investors should examine the merits of companies involved in oil,

mining, lumber and property, whose share prices still reflect the ravages of high real interest rates. Analysts at Dean Witter Reynis, the U.S. brokerage firm, favor the hig international oil companies such as Chevron Corp. Exxon Corp., Mobil Corp. and Texaco Inc. as well as certain domestic oil

However, not all analysts are expecting oil prices to recover much ery lag behind the United States.

companies that will benefit from a

in real terms despite an easing of a monetary conditions. Christine Baker, an oil analyst at Nomura Research Institute, says that oil companies will be adding enough production and refining capacity in the coming years to keep supplies

plentiful. Weyerhaeuser Co. and Louisiana Pacific Corp. are two American companies with vast holdings; of timberland. Their share prices have already begun to benefit from a hesitant upturn in the U.S. housing market. Over time, they should be able to write up the value of their assets, providing monetary conditions remain easy.

On a macroeconomic level, the? accompanying charts show that the real value of bank deposits has increased by more than output in the United States and Britain in past five years but that the similar gap; between deposits in output in Germany has been relatively small. This suggests that Germany has been able to afford high real interest rates so far.

Looking to the future, relatively low short-term interest rates in the United States should eventually add support to the real estate market. especially once the historically wide between short and long-term gap between short and long-term U.S. interest rates starts to narrow. If German output continues to,

show its recent trend towards taper-ing off, the cumulative effect of high real interest rates will start to affect Germany as it has the United States and Britain. This will take time. As British interest rates are linked with Germany's, it wouldn't

Plants have fed the world and cured its ills since life began. Now we're destroying their

principal habitat at the rate of 50 acres every minute.

We live on this planes by Vectoriesy of the earth's plane-life. Plants protect soils from erosion, regulate the atmosphere, maintain water supplies and prevent deserts forming. Without plants may could not surely a surely. dants man could not survive. Yet, we're destroying the

ret, we're destroying the tropical rain forests they grow in at the rate of 50 acres a minute-making a crisis for ourselves and a bigger one lie our children. What can be done about it?
A practical international plant

world. It is a plan for survival which you can help make a reality by joining the World Wide Fund for Nature. We need your voice and financial support. So get in touch with your local WWF office or send your contribution direct to the World Wide Fund for

Nature at: WWF International, CH-1196 Gland, Switzerland.

Save the plants that save us.

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From the looks of most financial service ads in the United States, investors must all trace their roots to someone who arrived on the Mayflower, or else some other fairskinned people with an affinity for Cardigan sweaters. The discount brokerage Charles Schwah & Co. is breaking with the Anglo-oriented marketing approach with its Hispanic Investment Center.

The center, which opened in late April in Miami, employs bilingual representatives to handle orders of clients who prefer transacting business in Spanish. It can be reached via joil-free phone as well as fax and telex, and is open from one hour before the New York Stock Exchange opens, until one hour after it closes.

second ethnic center. In mid-1990. it opened an Asia Pacific office in San Francisco with agents who speak Mandarin and Cantonese. phone numbers for customers calling from about three dozen overseas locations. Britain. Japan and

The Miami office is Schwab's

Italy are on the list, although France and Germany are not. A number of tiny Caribbean islands are included, for some rea-son, such as St. Kitts. Dominica and Barbados. This will no doubt prove invaluable if a client gets a hot tip from a towel porter that demands immediate action.

A Contract Based On 18 Commodities

The Chicago Mercantile Ex-change has filed for approval to seil futures and options contracts based on an index of 18 commodity futures prices developed by Goldman Sachs.

The product would be aimed mainly at institutional investors for use as a hedging instrument, said Andy Yemma, a Merc spokesman. Because the contract is index-incked. it is most lakely to be used to guard against inflation, he said.

The contract's value would be \$250 times the level of the index. Based on its recent level of 188.3, a when the last series expires.

unit would be worth about \$47,000. The index comprises six metals, three energy products and nine foods. Crude oil has the biggest weighting at 19.9 percent, followed by live cattle, unleaded gasoline and heating oil. The smallest weighting is in silver, at 0.3 percent.

Less Gold in the Pot For Fund Managers

The growth in salaries and bonuses of pension and tax-exempt mutual fund managers slowed to 10 percent in each of the first two ears of the decade, from annual increases in the low 20s in the mid ille 1980s, according to a survey by the management consultancy Callan Associates,

Managers of American securities funds earned \$222,000, on average, in 1991, while those with primarily overseas portfolios earned \$203,000, the survey said. Managers of real estate portfolios earned a paltry \$178,000.

Despite the fat paychecks, 26 percent of managers felt they were undercompensated last year, the survey noted. At least that was down from 31 percent in 1989.

**Eurotrack Derivatives** 

Prove a Bust at LIFFE The London International Financial Futures and Options Exchange is ending futures and options contracts on the Eurotrack 100 index of continental European shares. The reason: lack of interest

ed derivative contracts on any pan-European index," LIFFE said, "is insufficient to allow a contract of sufficient liquidity to be traded."

Since Eurotrack 100 futures were introduced last June, just 2,802 contracts traded, or 15 per day on aver-

"The demand for exchange-trad-

age. Options volume since trading began in September totaled 1,547 contracts, 12 a day, LIFFE said. As of May 7, open interest -the number of existing contracts — was 18 futures and five options contracts. The Eurotrack derivatives will die peacefully on June 17.

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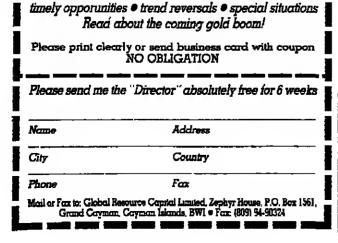
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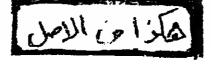




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Dionysus. Son of Zeus. The God of wice and good times. A divine spirit close to the heart of every fun loving

Warm yourself in the friendly embrace of the Greek sun. Cool yourself in the liquid caress of Greek seas. Feast urself amidst the relics of the ancients. Days that never end. You see, when the sun goes down and the lights come on, even the Gods come down to play.

Fun loving Gods? No, that is not a contradiction. That's balance. That's the Greek zest for living. That's the word "kefi". Uotranslatable. A word the Gods would surely have understood. For these Gods lived in the land of the Greeks.

Did the Gods teach the Greeks about fun? Or did they learn from these mere mortals?

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Friday's Prices

NASDAO prices as of 4 p.m. New York time.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

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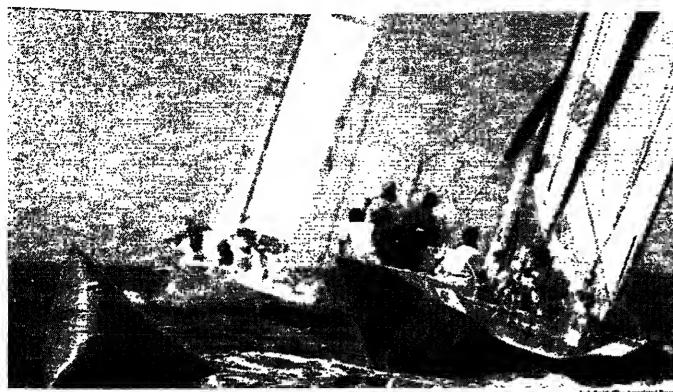
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# SPORTS.



America', left, leading Il Moro di Venezia, the challenger, around the weather mark in the fourth race of the America's Cup finals.

### 3 Up and One More to Go for America<sup>3</sup> Routing Il Moro, U.S. Boat Closes In on Successfully Defending the Cup

SAN DIEGO — Bill Koch's America' is one victory from doing what every U.S. entry hut one has done since 1851 — successfully defend

the America's Cup.

America' posted its second straight wire-to-wire victory over Italy's Il Moro di Venezia oo Thursday, a 1-minute, 4-second effort that gave America a 3-1 lead in the best-of-7 series.

A victory on Saturday would ensure that the

America's Cup remained at the San Diego Yacht Club at least until 1995. The only skipper to wrest the Cup from American hands, John Bertrand of Australia, was in San Diego on Thursday to explore the feasibility of putting together a program for the

In 1983, Bertrand's Australia II trailed Dennis Conner's Liberty 3-1 before rallying to best the U.S. boat and end the New York Yacht

Cluh's 132-year winning streak. Conner won back the Cup in 1987, but Koch eliminated Conner this time to become the 28th

Bertrand said the difference between 1983 and 1992 was that while Australia 11 had a speed advantage over Liberty. America' has the

He said that Il Moro "has got more of a

"It's a tough program for them," Bertrand said. "There doesn't appear to be too much of an Achilles' heel."

"The impressive thing with the Cuben program," he added, referring to the America' team, "is that it's really been brought together over the last two weeks, and that's been hard to do, the marriage of the technology with getting it all together and make it happen.

America' led by 47 seconds two legs into the 'I don't want to lay too much on the boat. Today

they outsailed me. Paul Cayard,

Il Moro's skipper

eight-leg, 20.03-nautical-mile race course off Point Loma on Thursday. Then Il Moro's skipper, Paul Cayard, ate into that on the windward third leg and trailed by 27 seconds at the mark.
"We were 11 boat lengths ahead, then we went down to about two boat lengths ahead," Koch said. "Part of it was we think we had up

the wrong sail at the time." But Cayard said the America' crew "just

"I don't want to lay too much on the boat," he said. Today they outsailed me. It's not going as easy as we might have hoped it would go, but we know they still have to win another

A glitch in sail handling at the sixth mark almost took a member of the America' crew. Peter Fennelly, who grinds the wenches, got his foot snagged in a jih sheet and was dragged

Jerry Kirby, the bowman, rescued Fennelly by boisting the sodden crewman back on board. Kirby said he had taken out his pocket knife, thinking he might have to slash the line that was pulling Fennelly along with the boat

Instead, other crew members eased the line so that Fennelly's foot could be released. Fennelly, whose white shirt was torn, said he was

It made for a messy mark-rounding as Amer-ica's headsail flapped for a full minute while crewmen wrestled their mate back aboard, but by then Il Moro was more than half a minute behind and the margin was extended on each remaining leg.
But the Italians aren't panicking yet.

Enrico Chieffi, brother of Il Moro's strategist, Tommaso Chieffi, said: "Sure we are in run homer as the Blue Jays captrouble; 3-I is not a good position. But we are tured their ninth victory in their not dead yet."

(AP, NYT, WP) last 11 games.

# Don King Is Subject of FBI Investigation

NEW YORK - The FBI sent U.S. attorney's office. two agents to the office of the boxing promoter Don King "in con-

nection with an ongoing investiga-tion," a bureau spokesman said

The spokesman, Joe Valiquette, would not disclose the nature of the investigation or the reason for the visit Thursday to King's New York townhouse, which houses his office.

had been warned by King employees that the documents and disks might be destroyed by King.

Two newspapers had reported that federal agents confiscated computer disks and financial re-cords in a "raid." The New York Daily News said the agents were believed to be from the FBI, the

officer offered more details about his allegations that King had dofrauded Mike Tyson, the former

heavyweight champion. The New York Post said agents

might be destroyed by King. But Valiquette said nothing had been taken from King's office and the promoter repeatedly ordered the two FBI agents were not ac. Tyson to pay sanctioning fees becompanied by other agents from the other services. He said there was no federal search warrant.

He said they went oo official business "in connection with an. The agents went to the office a ongoing investigation, which we day after a former King financial cannot disclose the nature of." King was out of town when the

agents came, an aide said. The incident was the latest in a flurry of legal activity surrounding

In an affidavit filed Wednesday with the New Jersey State Board of Control, Joseph A. Maffia, King's former comptroller, charged that yond those required by the WBC, WBA and IBF.

Other Maffia affidavits, filed in

connection with pending litigation between Tyson and his former manager, Bill Cayton, detailed questionable deductions made from Tyson's purses and reported consultant fees paid to King's sons and his wife, as well as a \$52,000 annual salary paid to King's daughter to serve as president of the Mike Tyson fan club.

Meanwhile, in Indianapolis, the judge who presided over Tyson's rape trial on Thursday denied the boxer's request for a new trial.

Tyson's attorneys bad sought a new trial on the grounds that juros were prejudiced due to a fire at the the hotel where they were staying

# For Pirates, Secret Is In the 9th

The Pittsburgh Pirates own the best record in the major leagues and have finally found a way to beat the Atlanta Braves: Stay close

and win it in the ninth. For the second night in a row, the Pirates rallied in the minth in-

#### BASEBALL ROUNDUP

ning to beat the Braves. On Thursday night, it was Jeff King with a two-run, bases-loaded single providing the 4-3 victory in the only

National League game.
On Wednesday, Jay Bell hit a solo homer for an 11-10 victory. Until Wednesday night, the Pirates had lost seven straight regular season games to the Braves in At-lanta, dating back to Ang. 29, 1990. The Firates (23-10) have won seven of their last 10 games.

Bine Jays 5, Mariners 4: In Toronto, Devon White and Kelly Gruber clubbed two-run homers in the only American League game. White broke an 0-for-11 slump

and erased a one-run deficit with his home run off loser Calvin Jones in the seventh inning. Gruber added a run-scoring double to his two-



BIG FALL — Konishiki, the American sumo wrestling star, falling Friday to defeat at the hands of Tomoefuji. It was Konishiki's second straight defeat in the 15-day Tokyo spring tournament, reducing his chances of winning promotion to sumo's top rank of yokozuna, or grand champion

### **BOOKS**

#### BLACK WATER

By Joyce Carol Oates 154 pages. \$17. A William Abrahams Book/E. P. Dutton, 375 Hudson

Street, New York, New York 10014. Reviewed by Michiko Kakutani. R EMEMBER Chappaquiddick? Senator Edward M. Kennedy and

Mary Jo Kopechne? Joyce Carol Oates's latest novel, "Black Water," is a slim, melodramatie work that portrays a young woman who meets a famous senator one summer afternoon. The two set off on an ill-fated car ride, and the young woman meets a watery death in a mosquito-filled marsh.

Presumably Oates was attracted to the story because it embodies so many of the themes that have obsessed ber throughout her prolific career: the violence and randomness of modern life; the intersection of private and public nightmares; the "unspeakable turn of destiny," as she once called it, that can instantly shatter an individual's hopes and dreams.

To he sure, Oates makes a few trivial alterations in the Kennedy-Kopechne story. The action in her novel occurs in the near present, not 1969. The scene is Grayling Island, Maine, not Chappa-quiddick. And the senator is driving a rented Toyota, not a black Oldsmobile.

For the most part, however. Oates plays up the resemblances between Ed-ward M. Kennedy and ber fictional sena-

DOONESBURY

tor, described as an "old-style liberal Democrat out of the 1960s, a Great Society man with a stubborn and zealous dedication to social reform." We learn that this senator fears assassination, that

that he has presidential aspirations. Whereas the precise details of what happened to Senator Kennedy and Mary Jo Kopechne on the weekend of July 18, 1969, have remained clusive. Oates gives the reader an exacting account of what happens when her fictional senator meets the young woman she calls Eliza-beth Anne (Kelly) Kelleher.

As she tells it, Kelly was a longtime admirer of the senator - she'd written her senior honors thesis on him - hnt was slightly reticent when she first met him at a party given hy her friend Buffy on Grayling Island.

Kelly had recently survived a bad love affair, and she was wary about meeting new men. The senator, however, charmed her. They took a walk on the beach, they shared a kiss and he asked her to accompany him on the ferry to the mainland. There, she thinks, they will

spend the the evening in his motel room.

On the way to the ferry, however, the senator takes a wrong turn. Perhaps it's because the roads are poorly marked and the evening light is bad. Perhaps it's because he has had several drinks. In any case, the car is suddenly off the road and plunging into the brackish wa-ters of a marsh. Kelly feels the guard rail

give way, she feels her bead crack against

the window, a red mist flashing across By Alan Truscott her eye, and she feels the car sink down into the water on its side.

We may keep reading not only because Oates's gothic descriptions of Kelly's pionships, South's opening one-club bid death are sensationalistic but also because there is an unconscious feeling that we're getting a behind-the-scenes ac-count of what really occurred.

For all its literary pretensions, "Black Water" is simply the latest example of "faction." a gerne that evades the re-sponsibilities of both history and fiction. It trades on the news value of a story, but obeys none of the rules of journalism; it exploits the bberties of fiction, but demands little exercise of the imagination.
That a writer as generously talented as

Oates would produce such a book is a surprise. The reader can only surmise

that her rapid rate of production left ber, this time, without a story of her own. Incantatory prose, full of rhythmic re-frains and repeated motifs, is used by the author to describe Kelly's slow death by drowning. These passages are intercut with flashbacks, as Kelly literally sees her life passing before her eyes: her parents, her schoolmates, her lovers, her friends all flicker through her mind.

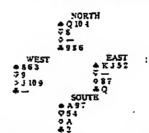
None of these accounts are particularly vivid or moving. Rather, they suffer from Oates's self-conscious, heavy-breathing prose and her constant appeal to the reader's worst voyeuristic impulses.

Michiko Kakutani is on the staff of The

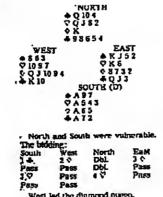
#### BRIDGE

O N the diagramed deal from the Long Island Regional Swiss Chamwas the Precision vanity, showing points or more. His partner made two doubles.

When a diamond was led to dummy's king, South did not fancy his chances. He led the heart queen, which was covered by the king and ace. A diamond was ruffed, and a club was ducked to West. South won with the jack in dummy and led a club to the ace, reaching this posi-



Needing five more tricks, South cashed the diamond ace for a spade dis-card and led a club. East was helpless after winning with the queen, for he was forced to lead from the spade king or give a ruff-and-sluff. West's heart nine was, sooner or later, the third trick for the



#### PEANUTS

BEETLE BAILEY

IS YOUR

SERGEANT

HAVE YOU EVER THOUGHT ABOUT WRITING SORT OF A MEMOIR

MAYBE

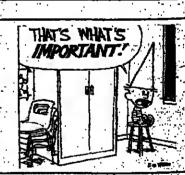




#### IT'S HARD SOT. SNORKEL TO TELL LINLESS IN. SHORING







WIZARD of ID







#### DENNIS THE MENACE



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COLON LOOSE DREDGE RATION

#### BLONDIE



# REX MORGAN



for the Reces (Wotah) e

M Games

# **SPORTS**

# Knicks In, Rangers Out: Survival of the Toughest

By George Vecsey
New York Times Service

NEW YORK — Hold back the carpenters. Tell the electricians to stay in touch. The main hall at Madison Square Garden is not currently

As soon as possible, the crews are supposed to start building the stage for the Democratic National Convention in July, but there could be a lot of overtime for the building-trades unions in New York.

The New York Knicks do not want to go home and yield their arena to

Vantage

any political party. They refused to be beaten in the Garden on Thursday night, overwhelming the Chicago Bulls, who merely have Michael Jor-dan and are the defending champions of this sport, by the score of 100-86.

The Knicks won with Patrick Ewing limping back into the game, and didn't that raise the memory of Willis Reed doing just that in the championship season of 1970? Now they must play the seventh game in Chicago on Sunday, but the Knicks have come so far that the home advantage for the Bulls may mean nothing.

"The seventh game is what it's all about; at home, on the road, whatever," said Coach Pat Riley of the Knicks.

While the other denizens of the Garden, the Rangers, were being

eliminated in Pittshurgh on Wednesday, I found myself thinking about tennis, which is not as weird as it seems.

The Knicks reminded me of Jimmy Connors, who goes out kicking and screaming at the U.S. Open every September. The Rangers reminded me of Andre Agassi, talented but unfulfilled.

of Andre Agassi, talented but unfulfilled.

"I bust my butt for these people and they appreciate it," Connors says to somebody every minute at the Open. "They know I'm going to be diving for every ball, fighting for every point. New York is my kind of town."

Tennis fans also know that Jimbo will exploit the rules as much as possible. This is not always an appealing sight. The old scamp went over the line last summer when he taunted the chair umpire to "Get out of here, you bum," and worse. This display tainted Connors's victory over Aaron Krickstein. No excuses for him. Or from him.

Connors will push the game to its legal limits, but you have to acknowledge that the old boy cares.

The Knicks also care. And that calm-looking gent in the suit and the sneakers and the ball cap, sitting at courtside next to Tatum O'Ncal on this night of celebrities, also can appreciate a team that will scowl and curse and bully and intimidate and push the opponent as far as it can.

THE KNICKS PLAY a physical brand of baskethall that some people have judged as over the line. Their series against the Detroit Pistons in the opening round of the playoffs was vintage Connors, strutting and baiting and stalling and challenging.

This being New York, where cabbies stop in the middle lane with no

warning, where vans run red lights, where people wash your car windows whether you want them washed or not, only the strong survive.

The Knicks have given New York a better playoff than anybody had the right to expect. They have husted their butts, as Jimbo would put it. Every year, Jimbo goes out like Jimmy Cagney, rat-a-tat-tat, machine guns blazing, clattering down the steps, you'll never take me alive, copper. The Knicks have been Jimbo's kind of team, even if they may not square

with some ideas of sportsmanship, yours or mine.

As it happens, I trasbod Jimbo's performance against the umpire last summer, and I am an abolitionist about boxing and I wince when football broadcasters chortle about spine-tingling hits. What's wrong with me, doctor, that these Knicks haven't bothered me one bit?

There was nothing wrong with the Rangers' attitude. They just didn't live up to their potential. With the talent and the muscles and the reflexes of an Agassi, they committed the faux pas of having the best record in the league during the regular season.

The Rangers, unfortunately, carry the curse of 1940! 1940! 1940!, when they last the Stanley Cup.

No matter that there are 22 teams, going on 24, in the National Hockey League. With all the terrible focus of New York on them, the Rangers are always expected to right the wrongs of the past half century.

New York's John Starks floating over Chicago's John Paxson for 2 of his game-high 27 points.

# Knicks Throttle Bulls, Setting Up a Showdown

By Clifton Brown New York Times Service NEW YORK — The New York Knicks and the Chicago Bulls will play Game 7 on Sunday because

Knicks were determined to keep playing on.
Holding Chicago scoreless for
the first 6 minutes 10 seconds of the final quarter Thursday night, New York steamrollered to a 100-86 victory to deadlock the 4-of-7 Nation-

Basketball Association Eastern Conference semifinal series at 3 games apace.

Patrick Ewing, limping badly after spraining his left andle with just under 4 minutes left in the third quarter, played through the pain and finished with 27 points and 8

Ewing was in the training room getting treatment after the game, but be was expected to play in the series finale Sunday in Chicago. In their most emotional game of the season, the Knicks evened the series by playing hard at both ends.

New York opened the fourth quar-ter with a 13-0 run, turning a 70-68 deficit into an 81-70 lead. The Bulls simply couldn't score as the Knicks frustrated and suffo-cated them. Even Michael, Jordan, who had 21 points, was shackled by the relentless defense.

John Starks ned for scoring bonors with a career playoff high 27
points, while Xavier McDaniel —
24 points and 11 rehounde turned in another strong game. So the Knicks, whom many thought would be swept in this se-

Asked if he believed there would be a seventh game when the series began. Pat Riley, the Knicks' coach, said: "Yes. You're talking to a man who believes." He is also guiding a team that believes.

The lone low point for the Knicks was an ugly play when Scottle Pippen, who would finish with 18 points and 10 rebounds, was clotheslined around the neck by Starks as Pippen drove to the basket with 1.9 seconds left in the third quarter. Pippen intercepted a pass, and as

he went up for a lay-up attempt Starks forearmed him. Pippen's body went one way, and his head snapped back another. He was fortimate not to be seriously injured. and Starks was called for a flagrant foul. Starks then kicked the ball and was given a technical foul. Looking ahead to Sunday, Riley said: "We got it to Game 7. As they say, anything can happen." In other playoff action, The Asso-

cinted Press reported: Jazz 111, SuperSonics 100: Utah advanced to the Western finals for the first time as Karl Malone scored 15 of his 37 points in the

fourth quarter to rally the Jazz. "It's obviously a great win for us," said center Mark Eaton. "It gives us a chance to compete at a level where we never have been

Malone also had 13 rebounds for Utah, which scored the last 10

ries, have a chance to complete a memorable upset against the de 4 at the Delta Center, including seven

en straight bome playoff victories.

Jeff Malone had 20 points for the Jazz, while John Stockton added 18" and had 17 assists. Eaton, Utah's 72 foot-4 (2.23-meter) center, who sell-dom scores, finished with 14 points. eight in the final period - and

nine rebounds. Seattle was led by Eddie John

Son's 26 points.

Trail Blazers 118, Suns 106;
Playing at home, Portland advanced to the Western finals for the third straight season as Clyde Drexler had 34 points.

"This is what you play for each and every year, a chance to win an NBA championship." Drexler said. "As long as you haven't won a championship, you still have that thirst. We've got to quench that thirst." thirst."

The Trail Blazers, who will open the Western finals at bome on Saturday, trailed only once - 43-42 midway through the second quarter—and led by as many as 16 early in the third period.

The Suns, playing their final game, under their retiring coach, Cotton Fitzsimmons, closed to 97-94 on Tom Chambers's fast-break basket with 10 minutes to play. But Portland scored the next eight points to, pull ahead 105-94, and the Suns got, no closer than nine again.
Terry Porter scored 20 points and

Jerome Kersey had 16 points, 12, rebounds and eight assists for the Blazers. Tim Perry and Tom Chambers scored 19 apiece for the Suns.

# Preakness Stakes Feels Beat of a Carefully Aimed Hammer

By Mike Freeman

Washington Post Service
BALTIMORE — In walks Hammer. and suddenly the Preakness has soul. It sings, it rhymes, It has Hammer, the cool rap dude who owns Dance Floor, a surprising third-place finisher in the Kentucky Derby and a contender in Saturday's Preakness Stakes, the second leg of U.S. racing's Triple Crown.

same way he has invaded pro football and basketball. To him, no sport is 2 Legit to Skip. Hammer wants a piece of it all. Hammer's attention is now focused on the 117th Preakness. On Thursday, he

Hammer has invaded horse racing the

was here to see his horse, and pulled up to Pimlico in a limo the size of an oak tree. He strolled past the horses and their messy stalls, surrounded by a zillion bodyguards. Other owners may come in suits and ties. Not Hammer. He showed up in stylish jacket and pants with suspenders. No shirt. Around his neck hung a gold chain that, if melted, could probay eradicate the nation's debt.

Then, with cameras clicking and re-porters gawking. Hammer fed Dance Floor a few carrots. The horse, maybe thinking he'd get a cameo appearance in Hammer's next video, chomped happily. A self-proclaimed sports nut, Hammer

will continue to be the center of scenes such as this across the sports spectrum. He already has a foothold in the National Football League, in which his friend Deion Sanders stars as an Atlanta Falcon cornerback. Hammer is a regular visitor at Falcons games, and Sanders's father was with him at Pimlico on Thursday.

Last season, the Falcons were fined \$10,000 hy the NFL for violating league policy on sideline control with Hammer's appearance during the first-round playoff game against New Orleans. Atlanta's 1991 highlight film, called "2 Legit 2 Quit," is named after a Hammer rap. Hammer also has been known to attend more than a few National Basketball Association games.

"Someday I hope to own a professional team — the NFL or NBA, one of those," he said. "I have looked into it, but not real seriously at this point. Right now the time is not right. But hopefully in the near future it will be."

What attracts the multimillionaire rap star to sports? Hammer is a fanatic, but there is something else: Besides the now-overtold story about him being a batboy for the Oakland A's as a kid, Hammer likes the thrills that competitive sports generate. To him sports are like the music industry and like the world of rap music,

where everyone tries to get on top.
"Put it this way," he said. "I can't get
away from it and don't plan on getting
away from it. I love sports."
As for the Preakness, Dance Floor will

be racing from the 14th post, not exactly prime real estate. But Hammer said he was definitely encouraged by the way Dance Floor ran in the Derby. "Not only that," he said, "but his workouts since

then, which are more important."

He added: "It would be a blessing, a very rewarding experience, to win the Preakness. I like to talk in terms of going out and running well. Never predict wins.

I never predict wins."

#### SIDELINES

#### Berbick Gets 4-Year Term for Rape

MIAMI (UPI) - Trevor Berbick, who lost his heavyweight boxing title to Mike Tyson in 1986, was sentenced Friday to four years in prison for having raped his children's habysitter.

Berbick was convicted of rape in February, but his sentencing had been delayed by questions about his mental condition. Before the sentencing Friday, Dade County Circuit Judge Thomas Wilson Jr. heard testimony from three court-appointed psychiatrists who concluded that the boxer was mentally competent.

Berbick beld the World Boxing Council's heavyweight ritle for eight months in 1986, winning it on a decision over Pinklon Thomas. On Nov. 22, 1986, he lost it to Tyson, who is serving a six-year sentence in an Indiana prison for raping a beauty pageant contestant.

#### Shreeves Fired as Tottenham Coach

LONDON (AP) - Peter Shreeves, manager of the English first division soccer club Tottenham, has been fired after one year in the job.

He was told of the decision Tuesday by Tottenham's chief executive,
Terry Venables. "I was obviously disappointed." Shreeves said. "but as always in football. I must look forward and hope I can quickly get back

into the game."

Venables, the club's former manager, appointed Shreeves last year after taking over the club. After winning the FA Cup last season, Tottenham finished 15th in the 22-team first division this season.

#### NFL Games Set for Europe and Asia NEW YORK (AP) - Games in Tokyo, Berlin and London highlight the

60-game preseason schedule announced by the National Football League.
On Aug. 2, the Houston Oilers play the Dallas Cowboys at the Tokyo Dome. On Aug. 15, the NFL returns overseas, with the Denver Broncos playing the Miami Dolphins in Berlin. The following day, the San Francisco 49ers face the defending Super Bowl champion Washington Redskins at London's Wembley Stadium. The regular NFL season opens Sunday, Sept. 6.

#### For the Record

Joe Montana, the San Francisco 49ers quarterback, underwent minor surgery on his right elbow Thursday to loosen annoying adhesions.

Montana, 35, had surgery on the elbow last fall to reattach a tendon to the
bone. The injury sidelined him all of last season.

(AP)

Nelson Piquet, the three-time Formula One champion, was in good

condition on Thursday after undergoing six hours of surgery in Indianapolis to receive skin grafts on his feet and left ankle, which were injured May 7 when he crashed during practice for the Indianapolis 500. (AFP)

#### **Ouotable**

Patrick Ewing, New York Knicks center, on his ankle sprain in the third quarter of Game 6 against Chicago: "The only way I wasn't going to come back in was if it was broken." Johnny Oates, Baltimore Orioles manager, on the home-field advan-

tage created by the low outfield wall at Camden Yards; "Hey, if an opposing outlielder sticks his glove in the stands to get a ball. I'd hope the fans would tear his glove off."

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FRIDAY'S RESULTS Latte vs. Oriz. ppd. rain

**NBA Playoffs** 

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1-132-2-6. Chembers 7-14-5-19. Neally 2-59-45.
Mojerie 4-132-215. West 0-10-40. Burrl 1-52-24.
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Tour Du Pont

Results in Thursday's electh stone in Virginia, a 96.3-mile (158-kilometer) race from The Homestend to Winiartayees Reserve 1. Herbert Niederberser, Switzerland, Spage, 4 hours, 22 minutes, 14 seconds; 2. Alte Kvals-voll. Norway, "Z." 19 seconds berland; 2. Phil Anderson, Austrolia, Motarola, some time; 4. Guido Winterbers, Switzerland, Helwella, 16 seconds behind; 5. Denran Boker, U.S., U.S. national fears, some time; 6. Rubert Martin-Colombia, Perstabon, 17 seconds behind; 7. Bed 22bern, Switzerland, Helwella, 23 seconds behind; 1. Lunurel Fionan, Ernone, Gesternets. behind: I. Loureni Fignan, France, Gaterade, 38 seconds behind: V. Mike Englemon, U.S., Coars Light, same time: 19. Thierry Claveyre

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Joe Fernandez (4), U.S., def. Sandra Geochini,
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#### TRANSACTIONS BASEBALL

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OKLAHOMA—Anthony Code, center, with foreso senior year to enter, MBA draft, PITTSBURGH—Named Betham's Shoeke and Koffin O'Conseil warmen's assistant basketheil cooches.

PRATT—Fred Aupont, men's soccer cooche resigned. Named Michael Blake men's soccer cooch.

NAVY—Named Emmett Devis and Dods Volcik men's assistant basketball coaches: WAYY—reamed Emment Devis and Dody Wolcik men's assistant basketbalt coachel: OTTERBEIN—E.W. "Bud" Yoest, athletja Giractor, netired effective Aug. 31, RICE—Normed Trent Johnson assistant men's basketbalt coach.

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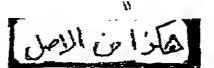
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#### **DAVE BARRY**

# No Ralph Lauren Here

MIAMI — Recently, my fam-ily and I, in an effort to ex-land has actual Indians. One of

state located near, or possibly even north of Canada. Not a lot of people live there. The population is so tor for Little Big Horn College, on one of its two congresspersons. This works out to a 50 percent reduction in congresspersons. We hope that more states decide to take this kind of responsible action.

Another nice thing about Montana is that it has a low crime rate. We spent some time in the state's largest city, Billings, which is about the size of a standard shopping mall, but with less traffic. The night we arrived, the local TV news had a "Crimestoppers" segment in which they reenacted a local crime. The crime depicted in this segment was - get ready - carpet theft. I am not making this up.

There was a scene of the reenacters cutting a chain to get at a roll of carpet, then loading it onto a truck and making their getaway. The announcer, in a grim voice, said that the carpeting was valued at OVER \$3,000. We have crime stopper-style shows in the East too. but our announcers are always saying things like: "Police found the victim's head in this toilet."

Once you get out of the crime-infested Billings area. Mootana mainly consists of humongous stretches of beautiful scenery being munched on hy cows. Occasionally you come to a small town, usually consisting of a post office and a har that is in danger of collapsing from the weight of all the animal heads hanging from the walls. For research purposes we went into several of these bars. One of the most striking, decor-wise, was the New Atlas har in Columbus, which features a giant wall-mounted herd of deceased animals, including a mutant two-headed sheep, which looks at you with all four eyes as if to say: "Either I have two heads, or you

have had a LOT to drink." Patronizing many Montana bars are actual cowboys wearing actual cowhoy hats and dirt-intensive western-style clothing not hy Ralph Lauren. My guess is that if Ralph were to mosey into some of these bars in his designer western wear, he might well get his designer self wedged into a spittoon.

**PERSONALS** 

plore this great nation's western them, a member of the Crow tribe heritage and possibly get eaten by named Henry Real Bird, took us on a tour of the Little Big Horn battle-field, the site of Custer's Last Stand. Hank used to be a rodeo rider, hut now he's an administrasmall that Montana is about to lose the Crow reservation. He's also a poet, although he's modest about his literary ability.

> "I just think in Crow and write it down in English," he said, "and white people think it's poeury."

On a cool but sunny day, we sat on a hill overlooking the battlefield, eating sandwiches and listen-ing to Hank tell us about the battle, As he talked, he tended to swoop. poetically, from subject in subject, getting animated, standing up, gesnring, telling us not only what happened to Custer, but also how to smoke an Indian pipe, how the seven hull huffaloes ended up in the Big Dipper, how the water bird mixed the mud and the water to make the Crow people, how come he has four different brands of tires on his truck, and how he knew a guy who could east a spell on your IRS return. You had to listen fast and sometimes even then you weren't sure what he meant, "When you get older," be'd say,

very significantly. "you know what's under the table, and who has the grapes." We'd all nod. Hank said that this summer, when the tourists are there, he

plans to stage three reenactments of the battle. "We're going to let Custer win one," he said. "THAT should get some publicity."

Nobody knows for certain exactly what happened to Custer. My theory is that he somehow survived

and is oow in charge of strategic planning for the Democratic Party. As wedropped Hank off at Little Big Horn College, I asked him how he felt about the controversy over sports teams using nicknames like

"I think it shows a lack of perspective," he said. "But I have been pushing to change our team nick-name from The Fighting Rams to The Fighting White Farmers." (This is Part 1 of a two-part, tax

deductible investigative humor series. Next: Hostile Death Cows.)

MOVING

ANNOUNCEMENTS

UNIQUE DISNEY COLLECTIBLE, April 12 '92 issue of "Journal de Demarche"

# Listening to Life, Hearing Desperation

By David Streitfield

Nathington Part Service
NEW YORK — Movies, museums,
dinners with friends: Don DeLillo comes here for reasons identical to those of tens of thousands of other excitementseeking suhurhanites. But he does something else, something most of us actively try to avoid: He listens to the chatter around him, looks in people's eyes, takes note of their desperation.

"Scott waited, living at the Y, eating his meals standing up at narrow counters set along streetside windows so he could watch the march of faces and pathologies, people going hy in trance states and dancing manias, the crosstown stream of race and shape and ruin, and in these hard streets ven the healthy and well-dressed looked afflicted. Because they were sliding deeper into their own lives. Because they knew the future would not take them."

That's from his latest novel, "Mao II." which got him a fresh round of accolades as well as the 1992 PENFaulkner Award. "The future." DeLilio writes in the sen-

tence that got quoted in all the reviews, "belongs to crowds." The world to come also belongs, from the evidence of DeLil-lo's 10 novels, to concealment, illness ("language itself would be enormously im-poverished if we didn't have disease to talk about"), televised disasters that the media seem secretly to hope are even worse than they really are, the power of images, living defensively ("the central theme of our age"), and above all, conspiracies — whether real or not, it hardly marters.

The 55-year-old DeLillo's choice of topics has earned him in some quarters the label of a leftist who despises his country and everyone in it. He protests this descrip tion. "I don't despair over modern society.
If I didn't like it I wouldn't be writing comedic dialogue about it." He quibbles some more, settles for this: "I consider myself a student of American society."

Still, no one would mistake him for a sunny guy. "I suppose it s simply that I am not a hopeful person," he agrees with a laugh. As for his subject matter, "I'm will-ing to use what is here. Willing and able."

When literary types talk about Don De-Lillo, the label he invariably gets stuck with is "reclusive." Every interview mentions that he rarely gives interviews and is shy about personal details. Only the basics are known: first-generation son of Italian immigrants, graduated from Fordham University, wrote advertising copy before becoming a full-time novelist, married, no

While not quite in the world-class league of J.D. Salinger or Thomas Pyn-

MOVING



The future in Don DeLillo's novels belongs to conceahment, illness and disasters.

chon, there's an implication of a loner, an exile who doesn't want to find himself a

"Mao II" is about Bill Gray, a truly reclusive writer who agrees to be photographed for the first time in 30 years. Paradoxically, it's a way of dropping even deeper from sight. Throw the media a little treat and they may have their fill, move on to other victims. Bill's fondest wish is to be invisible, to be crased from history. He's crazy, without a doubt, although not as unhinged as everyone else in this melan-

choly novel.
"When a writer doesn't show his face," says Bill, "he becomes a local symptom of God's famous reluctance to appear. . . . People may be intrigued by this figure but they also resent him and mock him and want to dirty him up and watch his face distort in shock and fear when the concealed photographer leaps out of the trees."
There's a particular snapshot DeLillo had in mind here. A couple years back, J.D. Salinger was ambushed near his

home. The widely reproduced photos,

more invasive than the crudest pornogra-

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phy, displayed a frail old man, frozen in shock and anger. It's a wonder he didn't expire on the spot.

There's also the problem of irrelevance.

"Who do we take seriously?" asks a character in "Mao II." "Only the lethal believer, the person who kills and dies for faith. Everything else is absorbed. The artist is absorbed, the madman in the street is absorbed and processed and incorporated. Give him a dollar, put him in a TV commercial. Only the terrorist stands outside."

Not unwillingly, Bill Gray finds himself involved in a plot — you might even say a conspiracy — in which a writer is being held hostage by a shadowy group. "To a certain way of thinking," DeLillo explains. "the terrorist is the only possible hero in the West, whereas in repressed countries it's the writer who is the hero because every word he writes has meaning."

Things like this can seem close to ro-manticizing outlaws, a practice that went out of favor even among leftists 20 years ago. DeLillo is a little vague on exactly where the terrorist is a hero in even the loosest sense of the term.

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He's on surer ground with the notion that writers in the West no longer control the agenda - the way Kaika, say, looked at the world with such a peculiar yet imme-diately recognizable point of view that the adjective "Kalkaesque" had to be coined in his name.

"Thirty years ago," DeLillo said, "Norman Mailer explicitly declared that he wanted to alter the consciousness of his time. Whether or not he did may be arguable but it was possible for a writer to legitimately aspire to this. It's hard for me to imagine a writer saying something like that today."

Not with a straight face, at least. In Def.illo's 1985 novel "White Noise," Jack Gladney and his family are fond of curling up in front of the television and watching disaster fontage. It's when they feel most like a family. "We're suffering from brain fade," a colleague explains to Jack. "We need an occasional catastrophe to break up the incessant bombardment of informanon. . . . As long as they happen somewhere else."

Especially if they happen in California. "We not only enjoy seeing them punished for their relaxed lifestyle and progressive social ideas but we know we're not missing anything. The cameras are right there. They're standing by. Nothing terrible escapes their scrutiny."

Words that turned early prophetic with the surreptitionsly recorded beating of Rodney King, and then again two weeks ago with the live coverage of the Los

Angeles riots.

He mentions a passage in John Cheever's journals. After a ball game at Shea Stadium, Cheever decided that "the task of an American writer is not to describe the misgivings of a woman taken in adultery as she looks out of a window at the rain but to describe 400 people under the ram out to describe 400 people under the lights reaching for a foul ball . . . the faint thunder as 10,000 people, at the bottom of the eighth, head for the exits. The sense of moral judgments embodied in a

migratory vastness."

11's an attitude DeLillo finds enormously sympathetic. "A writer," he says, "is alone in his room but I think he has to understand those crowds — or try to."
He's trying, "Mao II" begins with that
most unfathomable of events — 13,000 Monnies exchanging wedding vows in Yankee Stadium, bewildered, anxious parents scanning from the stands.

It's a solitary job for a novelist, monitoring these hordes. "I live sentence by sentence," he says, "and nothing helps when you're in the room. Whatever happens out here. I have to face the typewriter in the

SACRED HEART UNIVERSITY

#### PEOPLE.

Mandela and de Klerk Receive Asturias Award

President Frederik W. de Klerk of South Africa and Nelson Mandela, the head of the African National Congress, were awarded the Prince of Asturies prize for international cooperation Friday for their efforts to achieve racial harmony and justice. The jury underscored the political efforts and moral force of Mandela and de Klerk "under conditions of extreme difficulty." De Klerk, whose National Party has been dismantling apartheid. freed Mandela in 1990 after 26 years in jail. The international cooperation prize, one of eight given annually in the name of the heir to the Spanish throne, consists of 5 milion pesetas (\$50,000) and a sculpture by Joan Miró. It has been awarded since 1981.

The son of a former bishop says he's disappointed that the man re-fused to have a relationship with him but he understands that he is his father's "damnation." "I obvionsly understand," Peter Murphy, 17, said in a U.S. television interview. "I am his damnation. I take him away from the seat he has occupied for so long." Eamoun Ca-sey, the bishop of Galway, Ireland, resigned this week and later ac-knowledged that Murphy is his son by Annie Murphy of Ridgefield, Connecticut, with whom he had an

The Musée des Arts de la Mode et du Textile has announced the appointment of a new curator. Katell Le Bouris will take over as curator, returning to Paris after 14 years in New York working with Diana Vreeland at the Metropolitan Museum of Art's Costume Institute. Besides planning permanent exhibits, she organized temporary exhibitions, including "The Age of Napoleon" and an Yves Saint Laurent retrospective.

Diana, Princess of Wales, left Egypt on Friday after laying a wreath at a cemetery containing the graves of Commonwealth troops who died in the World War II, many of them in the desert hattle of El Alamein. Diana, who had spent six days touring the country, pinned an Honorary British Empire Medal on the chest of Abdel Hadi Aly Omar, who tends the Commonwealth War Graves Commission cemetery in Ismailiya.

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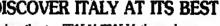
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